

WR/SET/0002/2024

February 29, 2024

Subject: Management Discussion and Analysis for the year ended December 31, 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 year ended December 31, 2023 with details as follows:

Performance Overview

For the year 2023 (“FY23”), Warrix Sport Public Company Limited generated revenue from sales and services of THB 1,224.60 million, which increased by THB 161.71 million or 15.21% YoY compared to THB 1,062.89 million in FY22. The Company had net profit of THB 127.38 million, decreased by THB 1.11 million or 0.86% compared to THB 128.49 million in FY22.

The performance of core business in Thailand is improving along the Company’s plan. According to the Company’s separate financial statements, the Company generated revenue from sales and services of THB 1,208.44 million, increased by THB 150.40 million or 14.22%. Its net profit was THB 148.95 million, increased by THB 21.07 million or 16.48% YoY. When considering net profits excluding losses from subsidiaries in Singapore and does not include allowance for obsolete product (mask) in the amount of THB 13.76 million, the company will have a net profit of THB 162.72 million, an increase of THB 34.84 million or 27.24% YoY compared to FY22.

The Company acquired a subsidiary to penetrate into Singapore market at the end of January 2023, so it is the first year for investing in oversea business, as a result there are THB 21.57 million loss form a subsidiary in Singapore. However, the Company is still committed to expand its business to oversee according to its business expansion plan and seek for new potential investment opportunities to become a regional brand. To reduce the impact on the operations or financial position, the Company will carefully consider new investments in the future by appropriate structuring, business planning, and risk assessment. When there is confirmed agreement or there is any important progress regarding new investment in the future, the Company will inform you later.

However, in this period’s financial statements, the Company has decided to allowance for obsolete products (mask) in the amount of THB 13.76 million. Because the company has considered significant decline of demand for mask after the COVID-19 outbreak situation has resolved. In addition, inventories value will be shown appropriately regarding relevant financial reporting standards. Nevertheless, The Company plans to distribute products through all sales channels and masks will be transformed into other types of products for sale.



Separate financial statements for the fourth quarter and the year ended December 31, 2023

Statement of Comprehensive Income	4Q23		4Q22		Chg. (YoY)		FY23		FY22		Chg. (YoY)	
	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%
Revenue from sales and services	387.27	100.00%	368.65	100.00%	18.63	5.05%	1,208.44	100.00%	1,058.03	100.00%	150.40	14.22%
Cost of goods sold and services	203.57	52.56%	194.05	52.64%	9.52	4.91%	630.52	52.18%	570.63	53.93%	59.89	10.50%
Gross Profit	183.70	47.44%	174.60	47.36%	9.11	5.22%	577.92	47.82%	487.40	46.07%	90.51	18.57%
Gain from a bargain purchase	-	-	-	-	-	-	2.09	0.17%	-	-	2.09	100.00%
Other income	9.30	2.40%	3.98	1.08%	5.32	133.48%	26.41	2.19%	11.24	1.06%	15.17	135.04%
Earnings before expenses	193.00	49.84%	178.58	48.44%	14.42	8.08%	606.41	50.18%	498.64	47.13%	107.77	21.61%
Selling Expenses	88.53	22.86%	80.00	21.70%	8.53	10.66%	313.70	25.96%	253.89	24.00%	59.81	23.56%
Administrative Expenses	25.61	6.61%	27.14	7.36%	(1.53)	(5.63%)	99.04	8.20%	77.43	7.32%	21.61	27.90%
Total Expenses	114.14	29.47%	107.14	29.06%	7.00	6.53%	412.74	34.15%	331.32	31.32%	81.41	24.57%
Earnings before interest and tax	78.87	20.36%	71.44	19.38%	7.43	10.39%	193.67	16.03%	167.32	15.81%	26.36	15.75%
Finance Costs	2.13	0.55%	4.77	1.29%	(2.63)	(55.24%)	8.31	0.69%	16.43	1.55%	(8.12)	(49.41%)
Earnings before tax	76.73	19.81%	66.67	18.09%	10.06	15.09%	185.36	15.34%	150.89	14.26%	34.48	22.85%
Tax Expenses	15.50	4.00%	6.03	1.64%	9.47	157.08%	36.41	3.01%	23.01	2.17%	13.40	58.25%
Net Profit (Loss)	61.23	15.81%	60.64	16.45%	0.59	0.97%	148.95	12.33%	127.88	12.09%	21.07	16.48%
Gains on remeasurements of defined employee benefit plans	(0.84)	(0.22%)	-	-	(0.84)	(100%)	(0.84)	(0.07%)	-	-	(0.84)	(100%)
Total comprehensive income for the year	60.40	15.59%	60.64	16.45%	(0.25)	(0.41%)	148.11	12.26%	127.88	12.09%	20.24	15.83%

Consolidated financial statements for the fourth quarter and the year ended December 31, 2023

Statement of Comprehensive Income	4Q23		4Q22		Chg. (YoY)		FY23		FY22		Chg. (YoY)	
	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%
Revenue from sales and services	393.24	100.00%	372.83	100.00%	20.41	5.47%	1,224.60	100.00%	1,062.89	100.00%	161.71	15.21%
Cost of goods sold and services	203.37	51.72%	193.98	52.03%	9.38	4.84%	639.20	52.20%	571.10	53.73%	68.11	11.93%
Gross Profit	189.87	48.28%	178.84	47.97%	11.02	6.16%	585.39	47.80%	491.79	46.27%	93.60	19.03%
Gain from a bargain purchase	-	-	-	-	-	-	2.09	0.17%	-	-	2.09	100.00%
Other income	9.20	2.34%	4.31	1.16%	4.89	113.50%	26.42	2.16%	11.74	1.10%	14.68	125.09%
Earnings before expenses	199.07	50.62%	183.15	49.13%	15.91	8.69%	613.89	50.13%	503.53	47.37%	110.37	21.92%
Selling Expenses	93.74	23.84%	80.17	21.50%	13.57	16.93%	325.62	26.59%	254.95	23.99%	70.68	27.72%
Administrative Expenses	32.03	8.14%	28.87	7.74%	3.16	10.94%	115.78	9.45%	80.39	7.56%	35.39	44.03%
Total Expenses	125.77	31.98%	109.04	29.25%	16.73	15.34%	441.41	36.04%	335.34	31.55%	106.07	31.63%
Earnings before interest and tax	73.30	18.64%	74.11	19.88%	(0.82)	(1.10%)	172.49	14.09%	168.19	15.82%	4.30	2.56%
Finance Costs	2.27	0.58%	4.77	1.28%	(2.50)	(52.37%)	8.89	0.73%	16.43	1.55%	(7.54)	(45.92%)
Earnings before tax	71.03	18.06%	69.35	18.60%	1.68	2.42%	163.60	13.36%	151.76	14.28%	11.84	7.80%
Tax Expenses	16.01	4.07%	6.27	1.68%	9.73	155.22%	36.22	2.96%	23.27	2.19%	12.95	55.64%
Net Profit (Loss)	55.02	13.99%	63.07	16.92%	(8.05)	(12.77%)	127.38	10.40%	128.49	12.09%	(1.11)	(0.86%)
Gains on remeasurements of defined employee benefit plans	(0.84)	(0.21%)	-	-	(0.84)	(100%)	(0.84)	(0.07%)	-	-	(0.84)	(100%)
Loss of currency translation differences	(1.27)	(0.32%)	(0.55)	(0.15%)	(0.71)	128.44%	0.78	0.06%	0.14	0.01%	0.64	451.98%
Total comprehensive income for the year	52.92	13.46%	62.52	16.77%	(9.60)	(15.36%)	127.32	10.40%	128.63	12.10%	(1.31)	(1.02%)

Revenue from core operation

In the fourth quarter of 2023 ("4Q23"), the Company generated revenue from sales and services of THB 393.24 million, increased by THB 20.41 million or 5.47% YoY mainly due to increased sales of Non-Licensed product categories, which are Classic and Collection and for Licensed product, which is Sponsorship Club. These have increased sales in Warrix's owned channels, such as:

- Project base: government and corporate customers continue to place orders. In addition, Warrix is quite popular among government customers. The Company has focused on maintaining the same customer base and penetrate the new market.
- Shop: opened 4 new shops, such as Warrix Run Hub, Warrix Lifestyle, and Warrix Shop The Mall Bangkhæ and Warrix Shop The Mall Bangkok, which opened in the fourth quarter of 2023. In addition, Warrix held promotions regularly.

- Retail: due to more events and sports competitions than during the same period last year, especially retail shops at the stadium on the football match day.
- Sponcership Club: due to increased sales of football club merchandise.
- Including, Online Channel: launched marketing campaign on every Market Place and expand sale channel via TikTok Live Commerce to reach new customers.

For the year 2023, the Company had revenue from sales and services of THB 1,224.60 million, increased by THB 161.71 million or 15.21% YoY. The growth of revenues mainly derived from an increase in sales of Non-Licensed products, such as Made to Order, Classic, and Collection. Such Non-Licensed products are account for more than 80% of total revenue from sales and services. For Licensed products mainly had revenue increased from National Team. Overall sales performance in 2023, the Company had increased sales in both owned and non-owned channel, such as Project base, Shop, Retail, Sponcership Club, Online, Modern Trade, and Inter Sales. The Company has started penetrate to Singapore market. The Company has revised the sales plan, increased the proportion of Warrix products, and focused on marketing to corporate, sports clubs, and football academy including sales channels in stores and online, resulting in a continuous increase of sales in all channels. However, a distributor in Myanmar decreased sales order due to political issue in the country.

Selling Expenses

In 4Q23, The Company had selling expenses of THB 93.74 million. An increase of THB 13.57 million or 16.39% 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” and “Warrix Lifestyle” at Siam Square. In in the middle of fourth quarter, the Company opened new 2 shops, Warrix Shop The Mall Bangkhuae and The Mall Bangkokapi that focuses on Active & Lifestyle products for everyday wear. According to the Company's business direction to generate more sales from new product segments. In this regard, the overall selling expenses increased in line with an increased sale, such as promotional costs through Modern Trade channels, which has expanded point of sales. The cost of selling products on E-Market Place also increased due to rising fee and more campaign joining. People costs increased due to sales and marketing team expansion to drive revenues growth in the future.

For the year 2023, The Company had selling expenses of THB 325.62 million. An increase of THB 70.68 million or 27.72% 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. Rental expenses for Warrix Lifestyle at Siam Square, which opened in the third quarter of 2023. In addition, rental expenses for Warrix Shop The Mall Bangkhuae and The Mall Bangkokapi, which opened in the middle of fourth quarter. As a result, rental expenses increased while gradually generating a revenue stream.

- Expenses for sponsoring sports teams in accordance with contracts rise in terms of both cash and supporting goods. Primarily due to activities can resume the event as usual after the COVID-19 outbreak has resolved.
- Expenses 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, started to reach new customer via TikTok Live Commerce. In addition, People cost increased due to sales and marketing team expansion to drive revenues growth and to prepare for new shop opening, and other sales channel expansion.

Administrative Expenses

In 4Q23, The Company had administrative expenses of THB 32.03 million. An increase of THB 3.16 million or 10.94% 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 the year 2023, The Company had administrative expenses of THB 115.78 million. An increase of THB 35.39 million or 44.03% YoY mainly due to increased expenses as follows:

- 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 4Q23, the Company had finance costs, which is interest expenses from lease liabilities regarding TFRS 16 – lease, in an amount of THB 2.27 million, declined by THB 2.50 million or 52.37% 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 FY23, the Company had finance costs of THB 8.89 million, declined by THB 7.54 million or 45.92% YoY.

Net profit

In 4Q23, the Company had net profit of THB 55.02 million, decreased by THB 8.05 million or 12.77% YoY and had net profit for the year 2023 in an amount of THB 127.38 million, declined by THB 1.11 million or 0.86% 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. Moreover, the Company has made allowances for obsolete products (mask) in an amount of THB 13.76 million and plans to distribute products through all sales channels, including transforming mask into other types of products for sale.

Statement of Financial Position and Operating Performance

For the year ended December 31, 2022 and 2023

Description	Unit	31 December 2023	31 December 2022
Total Assets	THB million	1,799.72	1,878.87
Total Liabilities	THB million	392.25	438.38
Total Equity	THB million	1,407.47	1,440.49
Debt to Equity Ratio (D/E)	Times	0.28	0.30
Dividend Payout Ratio	%	88.72 ^{1/}	54.74 ^{2/}

Description	Unit	31 December 2023	31 December 2022
Total Revenues	THB million	1,253.10	1,074.62
Total Expenses	THB million	1,089.50	922.86
Net Profit (Loss)	THB million	127.38	128.49
Earnings Per Share (Fully Diluted) ^{2/}	Baht/Share	0.21	0.21
Gross Profit Margin	%	47.80	46.27
Net Profit Margin	%	10.40	12.09
Return on Asset (ROA)	%	9.38	12.55
Return on Equity (ROE)	%	8.95	15.88

Remark:

^{1/} Dividend paid in 2023 totally THB 114.00 million from accumulated net income at the end of year 2022

^{2/} Dividend paid in 2022 totally THB 70.00 million from accumulated net income at the end of year 2021

^{3/} 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 December 31, 2023 was amounting THB 1,799.72 million, decreased by THB 79.16 million or 4.21% YTD. This change was mainly because of the decreases 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.

Total Liabilities

Total Liabilities for December 31, 2023 was amounting THB 392.47 million, decreased by THB 46.13 million or 10.52% 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 December 31, 2023 was amounting THB 1,407.47 million, decreased by THB 33.03 million or 2.29% 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