

WR/SET/0002/2024

May 14, 2024

Subject: Management Discussion and Analysis for the three-month period ended March 31, 2024
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 March 31, 2024 with details as follows:

Performance Overview

For the three-month period ended March 31, 2024 (“1Q24”), Warrix Sport Public Company Limited generated revenue from sales and services of THB 327.68 million, which increased by 31.17% YoY compared to THB 249.82 million in 1Q23. The Company had net profit of THB 20.23 million, increased by 82.68% compared to THB 11.07 million in 1Q23. This change was attributed to revenues growth with effective control of cost of sales and services, as a result gross profit margin in 1Q24 was 49.91% which rise from 44.95% in 1Q23. Moreover, the Company had effective control of administrative expenses, resulting in increase of net profit and net profit margin compared to 1Q23. However, the overall selling expenses increased in line with increased sales, such as commission expenses, advertising expenses, and promotional costs. In order to reach new customer groups and able to build brand awareness in the long term, The Company had expenses for sponsoring the CU – TU Unity Football Match 2024 and the Buriram Marathon 2024, which is a big annual running event in 1Q24 and such expense is a one-time expense in 1Q24. In addition, the Company had cost of moving warehouse in Singapore, which has completed and realized such cost in 1Q24, to improve operational efficiency and reduce costs in the long run.

The performance of core business in Thailand is improving along the Company’s plan. According to the Company’s separate financial statements, the Company had net profit of THB 26.06 million, increased by 67.61% YoY. For Oversea business, the Company had THB 4.88 million loss form a subsidiary in Singapore. The Company has revised the sales plan and there will be football club jersey available for sale during the second quarter, including increased the proportion of Warrix products, and focused on online marketing. Moreover, the Company is in the process of organization restructuring and focuses on improving cost management.

Separate financial statements for the three-month period ended March 31, 2024

Statement of Comprehensive Income	1Q24		1Q23		Chg. (YoY)	
	THB million	%	THB million	%	THB million	%
Revenue from sales and services	321.92	100.00%	248.20	100.00%	73.72	29.70%
Cost of goods sold and services	159.55	49.56%	136.32	54.92%	23.23	17.04%
Gross Profit	162.37	50.44%	111.88	45.08%	50.49	45.12%
Gain from a bargain purchase	-	-	2.09	0.84%	(2.09)	(100%)
Other income	6.98	2.17%	7.35	2.96%	(0.37)	(5.00%)
Earnings before expenses	169.35	52.61%	121.31	48.88%	48.03	39.59%
Selling Expenses	107.71	33.46%	75.64	30.48%	32.07	42.39%
Administrative Expenses	27.08	8.41%	25.01	10.08%	2.07	8.27%
Total Expenses	134.79	41.87%	100.65	40.55%	34.13	33.91%
Earnings before interest and tax	34.56	10.74%	20.66	8.32%	13.90	67.27%
Finance Costs	1.95	0.60%	1.56	0.63%	0.38	24.30%
Earnings before tax	32.61	10.13%	19.10	7.69%	13.52	70.79%
Tax Expenses	6.56	2.04%	3.55	1.43%	3.01	84.71%
Net Profit (Loss)	26.06	8.09%	15.55	6.26%	10.51	67.61%

Consolidated financial statements for the three-month period ended March 31, 2024

Statement of Comprehensive Income	1Q24		1Q23		Chg. (YoY)	
	THB million	%	THB million	%	THB million	%
Revenue from sales and services	327.68	100.00%	249.82	100.00%	77.86	31.17%
Cost of goods sold and services	164.13	50.09%	137.52	55.05%	26.62	19.35%
Gross Profit	163.55	49.91%	112.30	44.95%	51.25	45.64%
Gain from a bargain purchase	-	-	2.09	0.84%	(2.09)	(100%)
Other income	7.83	2.39%	7.47	2.99%	0.36	4.85%
Earnings before expenses	171.38	52.30%	121.85	48.78%	49.52	40.64%
Selling Expenses	111.83	34.13%	77.62	31.07%	34.21	44.07%
Administrative Expenses	30.89	9.43%	27.97	11.19%	2.93	10.46%
Total Expenses	142.72	43.55%	105.59	42.27%	37.13	35.17%
Earnings before interest and tax	28.66	8.75%	16.27	6.51%	12.39	76.18%
Finance Costs	2.07	0.63%	1.74	0.70%	0.33	18.63%
Earnings before tax	26.59	8.11%	14.52	5.81%	12.07	83.10%
Tax Expenses	6.36	1.94%	3.45	1.38%	2.91	84.45%
Net Profit (Loss)	20.23	6.17%	11.07	4.43%	9.16	82.68%
Loss of currency translation differences	0.95	0.29%	0.31	0.13%	0.64	201.59%
Total comprehensive income for the year	21.18	6.46%	11.39	4.56%	9.79	85.97%

Revenue from core operation

In 1Q24, the Company generated revenue from sales and services of THB 327.68 million, increased by THB 77.86 million or 31.17% YoY mainly due to increased sales of Licensed product categories, such as Thai National Team products, which sparked significant interest in the team's exceptional performance on the AFC Asian Cup during January, and FIFA World Cup Qualifier during March. In addition, Sponsorship Club product sales grew

from acquiring the rights to produce and distribute jerseys of the event “CU – TU Unity Football Match 2024”. This pivotal moment allowed us to sell jerseys during these events. For Non-licensed product categories; Classic products are best-selling products that are always famous. For example, sports jerseys, football pants, and polo shirts, the government encouraged government agencies, state enterprises, and citizens to wear yellow shirts with the Rama X logo instead of the agency's uniform. In addition, sales of collection products grew from Warrix's shop and online channels.

Overall, Sales increased from Non-owned and Warrix's owned channels, which represent 40% and 60% of total sales, respectively.

- Traditional Trade: new products meet customer demands. In addition, there are positive factors affecting sales growth, such as the popularity of Thai national football team gaining lots of fan engagement, and the government encouraging people to wear yellow shirts with the Rama X logo. As a result, sales through Top-tier stores are continuously growing.
- Modern Trade: expanded new sales points and additional sales areas to increase the opportunity to sell new products and clearance sales of aging inventories.
- Shop: sales growth from existing shops and the opening of new shops. In 2023, the Company opened 4 new shops, including Warrix Run Hub, Warrix Lifestyle Siam Square, Warrix Shop The Mall Bangkhuae, Warrix Shop The Mall Bangkok and opened Warrix Shop Terminal 21 Korat in March 2024. In addition, the company has focused on improving human resources and service quality.
- Retail: sales at the stadium with full audience on the football match day reached the sales target.
- Online: due to the sale of jerseys for the CU – TU Unity Football Match 2024, which mainly focuses on selling on the website, including the ongoing Thai national football team matches. TikTok has grown significantly along with the popular trend of Live Commerce, as well as Shopee which has seen growth in sales from short video and live as well.
- 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 online marketing.

Selling Expenses

In 1Q24, The Company had selling expenses of THB 111.83 million. An increase of THB 34.21 million or 44.07% YoY, mainly due to an increased in selling expenses as follows:

- Rental expenses for Warrix Run Hub, which is a shop and sports science center. Including, several new shops that focus on Active & Lifestyle products for everyday wear according to the Company's business direction to generate more sales from new product segments. For example, Warrix Lifestyle at Siam Square, Warrix Shop The Mall Bangkhuae, Warrix Shop The Mall Bangkok. The Company gradually opened new shops since the second quarter of the year 2023. In addition, the Company recently opened Warrix Shop

Terminal 21 Korat in 1Q24. As a result, rental expenses increased while gradually generating a revenue stream.

- Expenses for sponsoring sports teams/events in accordance with contracts rise in terms of cash and supporting goods. Primarily due to continuous matches of Thai National Football Team and CU – TU Unity Football Match 2024 event.
- Expenses for organizing the Buriram Marathon 2024, 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 1Q24.
- Cost of moving warehouse in Singapore to 3rd Party Fulfillment to improve operational efficiency and reduce costs in the long run. The Company has completed the operation and realized such expense in 1Q24.

However, the overall selling expenses increased in line with increased sales, such as commission expenses, advertising expenses, and promotional costs through Modern Trade channels. The cost of selling products on TikTok and E-Market Place also increased due to sales growth and more campaign joining. People costs increased due to annual salary adjustments, sales and marketing team expansion to prepare for new shops opening, and other sales channel expansion, driving sales growth in the future.

Administrative Expenses

In 1Q24, The Company had administrative expenses of THB 30.89 million. An increase of THB 2.93 million or 10.46% YoY mainly due to an increase in employee-related expenses according to annual salary adjustments, the increasing number of employees to support the organization restructuring and business expansion. However, percentage of administrative expenses to revenue from sales and services was 9.43%, declined by 1.77% compared to 1Q23.

Finance Costs

In 1Q24, the Company had finance costs in the amount of THB 2.07 million, increased by THB 0.33 million or 18.63% YoY. Such costs are mostly interest expenses from lease liabilities regarding TFRS 16 – lease.

Net profit

In 1Q24, the Company had net profit of THB 20.23 million, increased by THB 9.16 million or 82.68% YoY. This change was attributed to revenues growth with effective control of cost of sales and services and administrative expenses, resulting in an increase gross profit margin, net profit, and net profit margin compared to 1Q23.

Statement of Financial Position and Operating Performance

For the year ended December 31, 2023 and March 31, 2024

Description	Unit	31 March 2024	31 December 2023
Total Assets	THB million	1,771.50	1,799.72
Total Liabilities	THB million	363.21	392.25
Total Equity	THB million	1,408.29	1,407.47
Debt to Equity Ratio (D/E)	Times	0.26	0.28
Dividend Payout Ratio	%	-	88.72 ^{1/}

Description	Unit	1Q24	1Q23
Total Revenues	THB million	335.51	259.37
Total Expenses	THB million	308.92	244.85
Net Profit (Loss)	THB million	20.23	11.07
Earnings Per Share (Fully Diluted) ^{2/}	Baht/Share	0.03	0.02
Gross Profit Margin	%	49.91	44.95
Net Profit Margin	%	6.17	4.43
Return on Asset (ROA)	%	10.05	11.90
Return on Equity (ROE)	%	9.55	12.91

Remark:

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

^{2/} 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 March 31, 2024, amounting THB 1,771.50 million, decreased by THB 28.21 million or 1.57% YTD. This change was mainly due to the payment of trade receivable on the due date.

Total Liabilities

Total Liabilities for March 31, 2024, amounting THB 363.21 million, decreased by THB 29.04 million or 7.40% YTD. This change was mainly due to payment for suppliers, resulting in a decrease in trade and other current payables. Moreover, the Company made fewer purchasing orders and focused on inventory management efficiency.

Total Equity

Total Equity for March 31, 2024, amounting THB 1,408.29 million, increased by THB 0.83 million or 0.06% YTD due to currency translation differences.



Please be inform accordingly,

Sincerely yours,

- Wisan Wanasuksrisakul -

(Mr. Wisan Wanasuksrisakul)
Chief Executive Officer
Warrix Sport Public Company Limited