



บริษัท ริช สปอร์ต จำกัด (มหาชน)

RICH SPORT PUBLIC COMPANY LIMITED

116/20 ถนน รามอินทรา แขวงคลองเตย เขตคลองเตย กรุงเทพฯ 10110 โทร. 0-2249-8709 โทรสาร. 0-2249-8711

116/20 Na Ranong Road, Klong Toey, Bangkok 10110 Thailand Tel. 0-2249-8709 Fax. 0-2249-8711

เลขประจำตัวผู้เสียภาษีอากร 0107560000257

11 August 2020

Subject: Management's Discussion and Analysis
for the three-month period ended 30 June 2020

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 2020 as follows:-

Summary of consolidated income statement for the three-month and six-month period ended 30 June 2020 and 30 June 2019

Unit : Million Baht

	Q2			For six-month period		
	2020	2019	Change	2020	2019	Change
Revenue from sales	147.2	316.3	-53.5%	372.9	651.3	-42.7%
Other income	1.3	10.5	-87.6%	9.8	20.2	-51.5%
Total revenues	148.5	326.8	-54.6%	382.7	671.5	-43.0%
Cost of sales	71.2	140.9	-49.5%	171.5	283.2	-39.4%
Selling and administrative expenses	95.5	129.7	-26.3%	215.8	268.7	-19.7%
Loss on disposal and change in value of other current financial assets (Current investment)	(14.6)	-	100.0%	26.7	-	100.0%
Profit before finance costs and income tax expense	(3.6)	56.3	-106.4%	(31.3)	119.6	-126.2%
Finance costs	1.6	0.1	1500.0%	3.9	0.2	1850.0%
Tax income (expense)	(6.3)	8.0	-178.8%	(7.2)	19.6	-136.7%
Net profit for the period	1.1	48.2	-97.7%	(28.0)	99.8	-128.1%

Operating result for the three-month period ended 30 June 2020

Following the COVID-19 that continues to spread in Thailand, the Government declared a temporary shutdown of business including shopping malls and department stores from 23 March 2020 to 16 May 2020, impacting various industries across the country.

In the second quarter of 2020, the Company had total revenue from sales of Baht 147.2 million, 53.5% decreased from the same period last year. This was as a result of store closures during 1 April 2020 - 16 May 2020 following Government's measures to contain the outbreak of COVID-19. However, the Company was able to expand its online sales channel through various marketplace platforms and social commerce. The Company has resumed its retail operation on 17 May 2020 and

has started distribution of “Havaianas” products in the market, which has received the well response from customers.

The consolidated gross profit is Baht 76.0 million with gross profit margin of 51.6%. The decrease in gross profit margin was as a result of sales promotion.

Other income is Baht 1.3 million, decreased 87.6% from the same period last year. This was mainly from decrease in deposit interest rate.

Selling and administrative (SG&A) expenses equaled to Baht 95.5 million, decreased 26.3% from the same period last year. The proportion of SG&A expenses to total revenue from sales is 64.9%. Reduction of SG&A expense mainly came from employee benefit expense, depreciation of right-of-use assets, interest expense and other variable expenses.

Loss on disposal and change in other current financial assets (current investments) reduced by Baht 14.6 million from the previous quarter. This was due to increase in fair value of other current financial assets.

The Company’s total net loss is Baht 1.1 million, decreased 97.7% from the same period last year. The net loss margin of 2Q20 is 0.7%.

Operating result for the six-month period ended 30 June 2020

The Company had total revenue from sales of Baht 372.9 million, 42.5% decreased from the same period last year. The Company’s revenue was largely impacted by COVID-19 that spreads throughout the country.

The consolidated gross profit is Baht 201.4 million with gross profit margin of 54.6%.

Other income is Baht 9.8 million, decreased 51.5% from the same period last year.

Selling and administrative (SG&A) expenses equaled to Baht 215.8 million, decreased 19.7% from the same period last year. Reduction of SG&A expense mainly came from employee benefit expense, depreciation of right-of-use assets, interest expense and other variable expenses.

Loss on disposal and change in other current financial assets (current investments) reduced by Baht 14.6 million from the previous quarter due to increase in fair value of other current financial assets.

The Company’s total net loss is Baht 28.0 million. Net loss margin is at 7.5%.

Summary of consolidated statement of financial position as at 30 June 2020

Unit : Million Baht

	30 June 2020	31 December 2019	Change
Cash and cash equivalents	893.6	461.9	93.5%
Other current financial assets	221.9	698.7	-68.2%
Trade and other receivables	84.4	147.9	-42.9%
Inventories	364.4	297.5	22.5%
Advance payment for inventories	6.9	61.3	-88.7%
Other current assets	33.5	24.0	39.6%
Property, plant and equipments	137.7	150.1	-8.3%
Right of use assets	194.4	-	100.0%
Non-current assets	82.3	71.1	15.8%
Total assets	2,019.1	1,912.5	5.6%
Trade and other payables	46.1	61.0	-24.4%
Accrued income tax	-	15.1	-100.0%
Other current liabilities	7.8	1.1	609.1%
Lease liabilities	199.4	4.8	4054.2%
Non-current liabilities	37.8	33.7	12.2%
Total liabilities	291.1	115.7	151.6%
Total shareholders' equity	1,728.0	1,796.8	-3.8%
Total liabilities and shareholders' equity	2,019.1	1,912.5	5.6%

As at 30 June 2020, total assets is equaled to Baht 2,019.1 million, increased 5.6% from the end of 2019. Change in total assets was mainly from increase in cash and cash equivalents, inventories and right-of-use assets as well as decrease in other current financial assets, trade and other receivables and advance payment for inventories.

Total liabilities is equaled to Baht 291.1 million, increased 151.6% from the end of 2019. Change in total liabilities was mainly from increase in other current liabilities and lease liabilities and decrease in trade and other payables and accrued income tax.

Total shareholders' equity is equaled to Baht 1,728.0 million, decreased 3.8% from the end of 2019. This was resulted from decrease in the Company's operation result and dividend payment.

Cash flow for the year ended 30 June 2020

Cash flows receiving from operating activities was equaled to Baht 40.1 million. This was mainly from Company's operating result. Cash flows receiving from investing activities was equaled to Baht 441.7 million. This was mainly from net receive of disposal of other current financial assets and equipment and intangible purchase. Cash flows using from financing activities was equaled to Baht 50.9 million. This was mainly from proceed from share subscription from the non-controlling interest, paid for lease liabilities principle with interest expense and dividend payment.

Please be informed accordingly.



Sincerely yours,

Papitch W.

Papitch Wongpaitoonpiya
Chief Executive Officer