

**ASEFA PUBLIC COMPANY LIMITED**

บริษัท อาซีฟา จำกัด (มหาชน)

No. CS64/110

November 4, 2021

Subject : Management Discussion and Analysis of Quarter 3 period ended September 30, 2021

Attention: The Board of directors
The Stock Exchange of Thailand

The Board of Directors' Meeting of Asefa Public Company Limited ("the Company") No.5/2021 held on November 4, 2021 approved the financial statement of the Interim Financial Statements for the three-month period ended September 30, 2021. The Company would like to clarify the changes in significant performance are as follows;

(Unit: Million Baht)

Consolidated Financial Statements	Q3/2021	Q3/2020	% Change		9M/2021	9M/2020	% Change	
			Amount	% +/-			Amount	% +/-
Revenue from sales and service	734.01	516.31	217.70	42.16	1,881.89	1,755.90	125.99	7.17
Cost of sales and service	605.36	407.49	197.87	48.55	1,534.24	1,377.57	156.67	11.37
Gross profit	128.65	108.82	19.83	18.22	347.65	378.33	(30.68)	(8.10)
Gross Profit Margin (%)	17.53%	21.08%			18.47%	21.55%		
Other income	9.01	11.21	(2.20)	(19.62)	20.96	16.23	4.73	29.14
Profit before expenses	137.66	120.03	17.63	14.68	368.61	394.56	(25.95)	(6.57)
Distribution & Administrative expenses	85.64	79.77	5.87	7.35	255.63	240.37	15.26	6.34
Finance costs	0.28	0.04	0.24	600.00	0.39	0.14	0.25	178.57
Profit before income tax	51.74	40.22	11.52	28.64	112.59	154.05	(41.46)	(26.91)
Income tax expenses	9.42	6.56	2.86	43.59	20.82	28.08	(7.26)	(25.85)
Net profit (Equity holders of the Company)	42.66	35.15	7.51	21.36	92.95	126.03	(33.08)	(26.24)
Net Profit Margin (%)	5.74%	6.66%			4.88%	7.11%		
Earnings per share (Baht)	0.08	0.06	0.02	33.33	0.17	0.23	(0.06)	26.08

Performance Analysis and Discussion

The results for the three-months period ended September 30, 2021, the company and its subsidiaries had total revenues from sales and service of 734.01 million baht, an increased by 217.70 million baht or by 42.16%, with a net profit of 42.66 million baht, increased of 7.51 million baht or by 21.36%, net profit margin decreased from 6.66% to 5.74%, when compared to the same period of last year.

The results for the nine-months period ended September 30, 2021, the company and its subsidiaries had total revenues from sales and service of 1,881.89 million baht, an increased by 125.99 million baht or by 7.17%, with a net profit of 92.95 million baht, decreased of 33.08 million baht or by 26.24%, net profit margin decreased from 7.11% to 4.88%, when compared to the same period of last year.



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The decline in gross profit and net profit was mainly due to higher production costs. As a result of the volatility of raw material prices, prices have increased significantly and delivery of products that have been received in advance at the old price.

Revenues for sales and service

Revenues from sales and service for the three-month period ended September 30, 2021, amounting to 734.01 million baht, increased by 217.70 million baht or by 42.16%, when compared to the same period of last year. The mainly change being to manufacturer and distributor by company group, increased by 101.54 million baht and supplied and distributed products group decreased by 36.64 million baht. For the revenue from the service group, increased by 155.19 million baht. The increase in income due to the situation of the Covid-19 outbreak (covid-19) began to unfold in a better direction. Therefore, the company is able to deliver the unsold products, including making more regular plans.

Costs of sales and service

Costs of sales and service for the three-month period ended September 30, 2021 and 2020, amounting to 605.36 million baht and 407.49 million baht respectively. Which a decreased gross profit margin from 21.08% to 17.53%, The decrease in gross margin. This was mainly to the increase in production costs from the impact of the price of the main raw materials used in the production of steel, copper and electrical equipment, with significant price increases.

Distribution & Administrative expenses

Selling, Distribution and Administrative expenses for the three-month period ended September 30, 2021 and 2020, amounting to 85.64 million baht and 79.77 million baht respectively, increased 5.87 million baht or by 7.35%. The significant increased in employee expenses of 4.31 million baht and sales promotion expenses of 3.25 million baht.

Statements of Financial Position

(Unit : Million Baht)

Consolidated Financial Statement	As at Sep 30, 2021	As at Dec 31, 2020	Change Increased / (Decreased)	
			Amount	%
Current assets	1,523.33	1,694.61	(171.28)	(10.10)
Non – current assets	832.21	780.78	51.43	6.58
Total assets	2,355.54	2,475.39	(119.85)	(4.84)
Liabilities	781.14	833.64	(52.50)	(6.29)
Shareholders' equity	1,574.40	1,641.75	(67.35)	(4.10)
Total Liabilities and shareholders' equity	2,355.54	2,475.39	(119.85)	(4.84)



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Analysis of Financial Condition

Assets

As at September 30, 2021, has the total assets amounting to 2,355.54 million baht, decreased from the year ended December 31, 2020 by 119.85 million baht. or 4.84%. With significant changes are as follows;

Cash and cash equivalents; amounted to 93.80 million baht, decreased 63.72 million baht, due to the company's cash flow from operating activities decreased from the same period last year.

Trade and current receivables; amounted to 525.62 million baht, decreased by 104.98 million baht, due to a decrease in sales and service income from the previous period and an increase in debt repayment during the period.

Current contract assets; amounted to 299.32 million baht, increased by 40.28 million baht, from an increase in revenue from sales and services that are unbilled projects.

Long-term loan to other company; amounted to 65 million baht, increased by 65 million baht, due to during the period, the Company have entered into an agreement to transfer the rights to receive the payment under the project contract to the Company from the project owner. By the Company entered into a loan agreement the company that transfers the right to receive payments for financing the project.

The property, plant and equipment; amounted to 598.64 million baht, decreased by 18.70 million baht, decreasing from depreciation and asset write-off during the period amounting to 30.38 million baht. With additional assets were purchased during the period, amounting to 11.68 million baht.

Liabilities

As at September 30, 2021, has the total liabilities amounting to 781.14 million baht, decreased from the year ended December 31, 2020 by 52.50 million baht. or 6.29%. With significant changes from bank overdrafts and short-term loans from financial institutions amounted to 126.08 million baht, decreased of 16.08 million baht. Trade and other current payables amounted to 521.69 million baht, decreased 52.75 million baht, This was because during the period, the Company had a decrease in the value of purchases of goods and raw materials and the repayment of accounts payable that are due to increase. Which the company's debt to equity ratio decreased from 0.50 times to 0.49 times.

Shareholders' Equity

As at September 30, 2021, Shareholders' Equity in amount of 1,574.40 million baht, decreased 67.35 million baht, or 4.10%. Which during the period, there were operating profits 92.95 million baht and dividend payment of 152.78 million baht.

For your information.

Yours sincerely,

Mr. Pichai Panchan

Company Secretary