

NO. ZIGA 013/2021

9 November 2021

Subject: Management explanation and analysis Quarter 3/2021 ending 30 September 2021
Attention: Director and Managing Director
 The Stock Exchange of Thailand

Ziga Innovation Public Company Limited ("the Company") manufactures and distributes Pre-zinc structural steel pipe under the Company's brand "ZIGA" and electrical conduit under the Company's brand "DAIWA". They are innovative substitute products for hot-dip galvanized product or painted pipe. Now the Company is the leader for Pre-zinc structural pipe and be the one who determines in developing value-added products and extends the market for co-related business.

In the third quarter, the company has marketed in the agricultural greenhouses, cannabis, hemp. As a result of increasing the proportion of such products, the company has been well received. In addition, the company has been given the opportunity to be a part of important projects in Thailand continuously. As a result, the company's revenue and profit margin grow.

The company continues to build a business model for branch expansion from the franchise business. This is a new business opportunity that can attract a network of local businesses as an important force in branch expansion by creating business alliances that grow together. Ready to operate the franchise expansion ZIGA's Store and expand the branch according to the target which the company has prepared Both training online and offline to be suitable for the new normal era. With the strength that the ZIGA brand is recognized and is a business that has passed through the Covid crisis. very well which demonstrates the knowledge of product management and product allocation effectively steel franchise business will be a shortcut to the steel business which requires a consultant because steel is dynamic price management.

In addition, Ziga Innovation pcl was selected as one of the ESG Emerging Companies for 2021 by Thaipat Institute, demonstrating the Company's commitment to drive its sustainability strategy. It covers both economic, social and environmental dimensions. Including corporate governance in line with the sustainable development goals.

ZIGA Innovation Public Company Limited ("the Company") would like to clarify operating performance of the Company three-month for the Quarter 3/2021 ended 30 September 2021 are as follows:

Statement of Income :	Consolidated financial statement		
	Million Baht		change increase (decrease)
	Q3/2021	Q3/2020	
Sales	285.1	277.7	2.7%
Other income	55.1	5.1	971.7%
Profit (loss) on foreign exchange rates	-12.0	-2.7	351.0%
Cost of sales	-208.9	-207.6	0.6%
Selling expenses	-7.4	-7.9	-6.3%
Administrative expenses	-15.7	-8.4	86.9%
Finance costs	-5.3	-4.9	8.3%
Profit for the period	73.2	40.9	79.1%
Net Profit	21.5%	14.5%	
EBITDA (MB)	104.6	62.6%	67.0%
EBITDA (%)	30.7%	22.1%	
Earnings per share (Baht)	0.15	0.08	87.5%

According to the consolidated financial statements of the Company, the Company earned THB 340.2 MB and THB 282.8 MB in Q3/2021 and 2020 respectively, an increase in total revenue amount THB 57.4 MB, equivalent to 20.3% of total revenue and can be summarized as the following:

The Company's revenue from sales amounted to THB 285.1 MB and THB 277.7 MB in Q3/2021 and 2020 respectively. An increase in revenue from sales amount THB 7.5 MB, equivalent to 2.7% of total revenue from sales. The company has a higher gross margin comparing to the same period from 25.2% to 26.7% because the company can adjust the selling price more and partly from the company's ability to manage the proportion of products (merchandising) to meet market needs and reach more (end users).

The Company's other income THB 55.1 MB and THB 5.1 MB Q3/2021 and 2020 respectively, increased for comparing to the same period amount THB 50.0 MB. During the third quarter of the year 2021, the Company request for refund of the duty paid for the shipment that imported during the year 2020 from the Customs Department of THB 50.9 MB This is due to the announcement of the Committee of Dumping and Subsidies under Department of Foreign Trade, Ministry of Commerce Re: Cancel and Refund for Prepaid Duty Guarantee for Flat Hot Dip Galvanized of Cold rolled Steel in Coil and not in Coil from China which was announced in the Royal Gazette in June 8, 2021. Currently, the refund dumping tax incomes is under process of approve refund from the Customs Department.

Total selling and administrative expenses THB 23.2 MB and 16.3 MB in Q3/2021 and 2020 respectively. An increase THB 6.8 MB, an increase from allowance for doubtful accounts THB 1.8 MB, office building rentals increased by THB 1.0 MB and increased from employee expenses. To support the expansion of Ziga's store franchise business. As for financial costs, there were no significant changes.

The Company earned net profit in Q3/2021 and 2020 amounting THB 73.2 MB and THB 40.9 MB respectively. Net profit of the company equal to 21.5% and 14.5% of total revenue respectively, increased for comparing to the same period amount THB 32.3 MB, equivalent to 79.1% of net profit. EBITDA in Q3/2021 and 2020 amounted THB 104.6 MB and THB 62.6 MB respectively.

Consolidated statement of financial position

Assets

The Company's total assets as of 31 December 2020 and 30 September 2021 totaled THB 1,383.6 MB and THB 1,779.7MB respectively. As at 30 September 2021 the Company is current asset in which accounted for 56.8% of the total assets and non-current asset accounted for 43.2% of the total assets.

	Consolidated financial statement			
	31 December 2020		30 September 2021	
	THB MB	%	THB MB	%
Current assets	685.5	49.5	1,010.0	56.8
Non-current assets	698.1	50.5	769.6	43.2
Total assets	1,383.6	100.0	1,779.6	100.0

1. Current assets

The Company's current assets as of 31 December 2020 and Q3/2021 was THB 685.5 MB and THB 1,010.0 MB respectively, equivalent to 49.5% and 56.8% of total assets respectively. The Company had inventory as of the year 2020 and Q3/2021 amounted THB 322.8 MB and THB 488.4 MB respectively, equivalent to 23.3% and 27.4% of the total assets respectively. Secondary, cash and cash equivalents of THB 197.1 MB and THB 290.0 MB at the end of the year 2020 and Q3/2021 or 14.3% and 16.3% of total assets respectively. Current assets That increased the majority from inventories to support sales.

2. Non-current assets

As of the year 2020 and Q3/2021 the Company's non-current assets totaled THB 698.1 MB and THB 769.6 MB respectively, equivalent to 50.5% and 43.2% respectively. The main non-current assets are land and equipment which were 49.0% and 41.4% of the total assets in which the increase by land and equipment net THB 60.3 MB is from buying and transferring assets THB 80.3 MB and depreciation on useful life of asset in which increase for THB 20.0 MB.

Liabilities

The Company's total liabilities as of 31 December 2020 and 30 September 2021 totaled THB 563.3 MB and THB 834.4 MB respectively. The Company's current liabilities in which accounted for 71.9% of the total liabilities and non-current liabilities accounted for 28.1% of the total liabilities.

	Consolidated financial statement			
	31 December 2020		30 September 2021	
	THB MB	%	THB MB	%
Current liabilities	407.4	72.3	599.7	71.9
Non-current liabilities	155.9	27.7	234.7	28.1
Total liabilities	563.3	100.0	834.4	100.0

1. Current liabilities

As of the year end 2020 and Q3/2021 the Company's current liabilities totaled THB 407.4 MB and THB 599.7 MB respectively, equivalent to 72.3% and 71.9% respectively of the total Liabilities. Total current liabilities increased from 2020 by THB 192.3 MB, mainly due to an increase of debt under trust receipt THB 123.2 Mb, and from trade and other payables, an increase of THB 45.2 MB from purchasing raw materials from abroad.

2. Non-current Liabilities

As of the year end 2020 and Q3/2021, the Company's non-current liabilities THB 155.9 MB and THB 234.7 MB respectively, equivalent to 27.7% and 28.1% respective of the total liabilities. The main non-current liabilities in long-term debt. The long-term debt due date within one year is THB 141.9 MB and THB 157.8 MB respectively, equivalent to 25.2% and 18.9% respective of the total liabilities. In the Q3/2021 received a loan from a commercial bank of THB 70.0 MB.

Shareholder's equity

The Company's shareholders equity as of the year 2020 and Q3/2021 amounted to THB 820.2 MB and THB 945.2 MB respectively. Shareholders' equity increase THB 125.0 MB due to the increase in retained earnings THB 153.9 MB, and advance payments for shares from the exercise of the warrants to purchase the Company's ordinary shares increased by THB 115.8 MB and decreased from the dividend payment according to the resolution of the Annual General Meeting of Shareholders No.3/2021 amount THB 64.6 MB.

Please be informed accordingly,

Yours Sincerely,

(Miss Valarlak Ngamchitcharoen)
Managing Director