



ASEFA PUBLIC COMPANY LIMITED

บริษัท อาซีฟา จำกัด (มหาชน)

No CS65/057

May 12, 2022

Subject : Management Discussion and Analysis for the first quarter period ended March 31, 2022
Attention: The Board of directors
The Stock Exchange of Thailand

The Board of Directors' Meeting of Asefa Public Company Limited ("the Company") No.2/2022 held on May 12, 2022 approved the financial statement of the Interim Financial Statements for the three-month period ended March 31, 2022. The Company would like to clarify the changes in significant performance are as follows:

(Unit : Million Baht)

Consolidated Financial Statement	1st Quarter 2022	1st Quarter 2021	Change Increased / (Decreased)	
			Amount	%
Revenue for sale and services	533.85	625.52	(91.67)	(14.66)
Cost of sales and services	444.88	496.05	(54.17)	(10.32)
Gross profit	88.97	129.47	(40.50)	(31.25)
Gross Profit Margin (%)	16.67%	20.70%		
Other income	4.90	5.38	(0.48)	(8.85)
Profit before expenses	93.88	134.85	(40.97)	(30.38)
Distribution Cost & Administrative expenses	82.96	85.94	(2.98)	(3.48)
Finance costs	0.33	0.06	0.27	412.85
Profit before income tax	10.59	48.84	(38.25)	(78.31)
Income tax expenses	2.35	9.46	(7.11)	(75.17)
Net profit (Equity holders of the Company)	8.86	40.10	(31.24)	(77.92)
Net Profit Margin (%)	1.64%	6.36%		
Earnings per share (Baht)	0.02	0.07	(0.05)	(71.42)

Performance Analysis and Discussion

Overview of results for the three-month period ended March 31, 2022, the company and its subsidiaries had total revenues from sales and service of 533.85 million baht, an decreased 96.67 million baht or by 14.66%, with a net profit of 8.86 million baht, decreased of 31.24 million baht or by 77.92%. The net profit margin decreased from 6.36% to 1.64%, when compared to the same period of last year.

The decreased in the Company's net income and profit is primarily due to the impact of the continued volatility of raw material prices. The main raw materials used in the production of metals, iron, copper have increased prices by more than 50%. This is a major impact factor, which has resulted in an increase in the cost of the company's goods and services. Coupled with the impact of economic recession, public and private investment in business-related industries continues to slow.



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The Company has managed to mitigate the impact by adjusting the price of some goods and services in line with the increased price of raw materials. Risk management has also been managed to reduce the impact. Sales and production planned by pre-ordering raw materials to manage costs and sales prices, as well as cost and expenses control, and closely monitor the situation.

Revenues for sales and service

Revenues from sales and service for the three-month period ended March 31, 2022, amounting to 533.85 million baht, decreased by 91.67 million baht or by 14.66%, when compared to the same period of last year. The mainly change being to manufacturer and distributor by company group, decreased by 78.43 million baht and supplied and distributed products group decreased by 10.64 million baht. For the revenue from the service group, decreased by 2.61 million baht.

Costs of sales and service

Costs of sales and service for the three-month period ended March 31, 2022 and 2021, amounting to 444.88 million baht and 496.05 million baht respectively. The gross profit decreased by Baht 40.50 million, with compares to the same period of last year. The gross margins fell from 20.70% to 16.67%, or a 4.03 % decrease in gross margin. This is mainly due to the increased cost of goods and services. As a result of the impact of the price of main raw materials used in the production of steel, copper and electrical equipment, the price increase was increased by more than 50%.

Distribution cost & Administrative expenses

Distribution cost and administrative expenses for the three-month period ended March 31, 2022 and 2021, amounting to 82.96 million baht and 85.94 million baht respectively, decreased 2.98 million baht or 3.48%. The major decrease will be in respect of the provision for receivables by 6.56 million baht and allowance for obsolete of inventory by 1.52 million baht.

Statements of Financial Position

(Unit : Million Baht)

Consolidated Financial Statement	As at Mar 31, 2022	As at Dec 31, 2021	Change Increased / (Decreased)	
			Amount	%
Current assets	1,600.26	1,585.06	15.20	0.96
Non – current assets	811.44	886.77	(75.33)	(8.50)
Total assets	2,411.70	2,471.83	(60.13)	(2.43)
Liabilities	795.78	859.66	(63.87)	(7.43)
Shareholders' equity	1,615.92	1,612.17	3.74	0.23
Total Liabilities and shareholders' equity	2,411.70	2,471.83	(60.13)	(2.43)



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Analysis of financial position

Assets

As at March 31, 2022 has the total assets amounting to 2,411.70 million baht. This was decreased from December 31, 2021 amounting to 60.13 million baht or by 2.43%. With significant changes from cash and cash equivalents increased 11.05 million baht. Trade and current receivables including portion of installment receivable and contractual assets, decreased by 129.73 million baht, this was due to decreased for revenues for sales and service and in addition to receiving repayment on period of time. The inventories-net increased by 74.81 million baht, which most increased in finished goods and work in process, which are in the process of being worked and waiting to be delivered. The short and long-term loans to other entities decreased by 13.57 million baht, due to during the period, the Company received some repayment of the debt from the loan.

Liabilities

As at March 31, 2022 has the total liabilities amounting to 795.78 million baht. This was decreased from December 31, 2021 amounting to 63.87 million baht or by 7.43%. With significant changes from bank overdrafts and short-term loans from financial institutions amounting to 50 million baht, decreased of 100 million baht, because during the period the Company used short-term loans to be used as working capital in operations that decreased from the previous period. Trade and other current payables amounting to 551.49 million baht, decreased 20.34 million baht. The current contract liabilities amounting to 115.02 million baht, increased of 55.17 million baht, due to The company has a deposit to receive in advance for goods and services in new projects that have been increased from the previous period. The company also had a low debt-to-equity rate, falling from 0.53 times to 0.48 times.

Shareholders' Equity

As at March 31, 2022, Shareholders' Equity in amount of 1,615.92 million baht, increased 3.74 million baht, or 0.23%. During the period, the Company sold a share of the joint venture's profit of 4.50 million baht and an operating profit of Baht 8.24 million.

For your information.

Yours sincerely,

Mr. Phaiboon Ungkanakornkul

Managing Director