

10 May 2023

Subject: Management Discussion and Analysis Operating results for the three month, ending March 31, 2023.

Attention: The President  
The Stock Exchange of Thailand

AIRA Factoring Public Company Limited (“the Company”) would like to submit the Financial Statements ending March 31, 2023 which was reviewed by auditor and Management Discussion and Analysis Review to be compared operating results between the three-month period ended 31 March 2023 and 2022 together with the Company’s financial status compared between ending First quarter as at March 31, 2023 and ending March 31, 2022 as follows:

#### **Financial Performance Explanation and Analysis**

- **Thai economy and operating effect**

In quarter 1 ,2023 The Thai economy is likely to recover continuously. Due to the recovery in domestic demand by exports showed signs of recovery from contraction in the Q4/2022 and tourism sector from the continuous increase in the number of foreign tourists. But there still uncertainly from higher inflation trends, including raising the policy interest rate of central banks around the world. This may affect interest rate trends in the future.

The company has adjusted its operating strategy by going to develop Online Factoring System beside of landing E-Factoring system, which can reduce operation, paper usage reduces global warming at present, this will allow for more efficient control over operations.

- **Operating outlook**

The Company factoring business in the three-month period ended March 31, 2023, Total revenues were 59.39 million Baht which increased by 4.11 million Baht or 7.4%, net profit 11.89 million Baht which decreased 2.39 million Baht or (16.7%) compared to the same period of the previous year. The decreasing of net profits resulted from increase of finance cost.

#### **Performance and Profitability**

The three-month period ended 31 March 2023 and 2022, interest income from factoring were 43.00 million Baht and 37.79 million Baht or equivalent to 72.4% and 68.4% of total revenues respectively. Fees and services income were 13.63 million Baht and 11.63 million or 23.0% and 21.0% respectively. Interest received from loans amounted to 2.75 million Baht and 5.58 million Baht or 4.6% and 10.1% respectively. Total revenues were 59.39 million Baht and 55.28 million Baht respectively. Finance costs were 14.06 million Baht and 10.00 million Baht or 23.7% and 18.1% respectively. The Company’s gross profits were 45.33 million Baht and 44.99 million Baht or 76.33% and 81.81% respectively.

(Unit: Thousand Baht)

Statement of compressive income	For the three-month period ended 31 March 2023	Percent	For the three-month period ended 31 March 2022	Percent	Changed	
					Value	Percent
<b>Revenues</b>						
Interest income from factoring	43,006	72.4%	37,792	68.4%	5,214	13.8%
Fees and services income	13,633	23.0%	11,625	21.0%	2,008	17.3%
Interest income from loan	2,747	4.6%	5,580	10.1%	(2,833)	-50.8%
Other Income	-	0.0%	278	0.5%	(278)	-100.0%
<b>Total revenues</b>	<b>59,386</b>	<b>100.0%</b>	<b>55,275</b>	<b>100.0%</b>	<b>4,111</b>	<b>7.4%</b>

The three-month period ended 31 March 2023 and 2022, the Company's administrative expenses were 28.27 million Baht and 25.59 million Baht or 47.6% and 46.3% of total revenues. Provision for doubtful account was 2.30 million Baht and 1.78 million Baht respectively or 3.9% and 3.2% of total revenues. The Company have increase of finance cost because the policy interest rate of banks increase from the same period last year. Resulted to the Net profit for the period of the three-month of 2023 and 2022 were 11.89 million Baht and 14.28 million Baht respectively.

(Unit: Thousand Baht)

Statement of compressive income	For the three-month period ended 31 March 2023	Percent	For the three-month period ended 31 March 2022	Percent	Changed	
					Value	Percent
<b>Expenses</b>						
Administrative expenses	28,272	47.6%	25,594	46.3%	2,678	10.5%
Finance cost	14,056	23.7%	10,005	18.1%	4,051	40.5%
Doubtful accounts	2,298	3.9%	1,776	3.2%	522	29.4%
<b>Total expenses</b>	<b>44,626</b>	<b>75.2%</b>	<b>37,375</b>	<b>67.6%</b>	<b>7,251</b>	<b>19.4%</b>
<b>Profit before income tax expenses</b>	<b>14,760</b>	<b>24.9%</b>	<b>17,900</b>	<b>32.4%</b>	<b>(3,140)</b>	<b>-17.5%</b>
Income tax expense (Revenue)	2,872	4.8%	3,621	6.6%	(749)	-20.7%
<b>Profit for the period</b>	<b>11,888</b>	<b>20.1%</b>	<b>14,279</b>	<b>25.8%</b>	<b>(2,391)</b>	<b>-16.7%</b>

Basic earnings per share

0.0074 Baht/share

0.0089 Baht/share

**Financial Status as at 31 March 2023**

The Company's total assets as at March 31, 2023 were 2,307.89 million Baht which increased by 1.94 million Baht or 0.1% compared to as at March 31, 2022.

Current assets as at March 31, 2023 were 2,221.21 million Baht which increased by 13.75 million Baht or 0.6% compared to as at March 31, 2022. Largest proportion was Factoring Receivables as at March 31, 2023 were 2,056.25 million Baht or equivalent to 89.1% of total assets.

Non-current assets as at March 31, 2023 were 86.68 million Baht or equivalent to 3.8% of total assets which decreased 11.81 million Baht.

(Unit: Thousand Baht)

Statement of financial position	Q1/2023	Percent	Q1/2022	Percent	Changed	
					Value	Percent
<b>Current Assets</b>						
Cash and cash equivalents	68,555	3.0%	85,325	3.7%	(16,770)	-19.7%
Factoring receivable	2,056,245	89.1%	1,888,900	81.9%	167,345	8.9%
Current portion of loans receivable	93,194	4.0%	229,725	10.0%	(136,531)	-59.4%
Other receivable	1,190	0.1%	1,350	0.1%	(160)	-11.9%
Other current assets	2,028	0.1%	2,162	0.1%	(134)	-6.2%
<b>Total current assets</b>	<b>2,221,212</b>	<b>96.2%</b>	<b>2,207,462</b>	<b>95.7%</b>	<b>13,750</b>	<b>0.6%</b>
<b>Non-current assets</b>						
Loan receivable	49,357	2.1%	66,402	2.9%	(17,045)	-25.7%
Equipment	3,704	0.2%	700	0.0%	3,004	429.1%
Right-of-use assets	1,598	0.1%	1,521	0.1%	77	5.1%
Intangible assets	4,784	0.2%	6,451	0.3%	(1,667)	-25.8%
Deposits and guarantees	2,014	0.1%	297	0.0%	1,717	578.1%
Deferred tax assets	25,219	1.1%	23,112	1.0%	2,107	9.1%
<b>Total non-current assets</b>	<b>86,676</b>	<b>3.8%</b>	<b>98,483</b>	<b>4.3%</b>	<b>(11,807)</b>	<b>-12.0%</b>
<b>Total assets</b>	<b>2,307,888</b>	<b>100.0%</b>	<b>2,305,945</b>	<b>100.0%</b>	<b>1,943</b>	<b>0.1%</b>

Total liabilities as at March 31, 2023 were 1,770.38 million Baht or equivalent to 76.7% of total liabilities and shareholders' equity which increased 9.47 million Baht or 0.5% compared to as at March 31, 2022 as a result of short-term loans from financial institutions which is in line with the increased in assets of loan receivable.

(Unit: Thousand Baht)

Statement of financial position	Q1/2023	Percent	Q1/2022	Percent	Changed	
					Value	Percent
<b><u>Current liabilities</u></b>						
Short-term loans from financial institutions	1,623,000	70.3%	1,623,000	70.4%	-	0.0%
Retention from factoring	61,119	2.6%	49,746	2.2%	11,373	22.9%
Current portion of long-term loan	-	0.0%	9,000	0.4%	(9,000)	-100.0%
Current portion of liabilities under finance lease agreements	702	0.0%	1,275	0.1%	(573)	-44.9%
Excess receipt awaiting to repay	49,989	2.2%	43,126	1.9%	6,863	15.9%
Other payables	7,720	0.3%	5,600	0.2%	2,120	37.9%
Income tax payable	9,559	0.4%	8,197	0.4%	1,362	16.6%
Other current liabilities	1,221	0.1%	706	0.0%	515	72.9%
<b>Total current liabilities</b>	<b>1,753,310</b>	<b>76.0%</b>	<b>1,740,650</b>	<b>75.5%</b>	<b>12,660</b>	<b>0.7%</b>
<b><u>Non-current liabilities</u></b>						
Liabilities under finance lease agreements	935	0.0%	333	0.0%	602	180.8%
Provision for long-term employee benefits	16,131	0.7%	19,928	0.9%	(3,797)	-19.1%
<b>Total non-current liabilities</b>	<b>17,066</b>	<b>0.7%</b>	<b>20,261</b>	<b>0.9%</b>	<b>(3,195)</b>	<b>-15.8%</b>
<b>Total liabilities</b>	<b>1,770,376</b>	<b>76.7%</b>	<b>1,760,911</b>	<b>76.4%</b>	<b>9,465</b>	<b>0.5%</b>

**Liquidity and Capital Adequacy**

As at March 31, 2023, shareholder s' equity was 537.51 million Baht or equivalent to 23.3% of total liabilities which decreased by 7.52 million Baht or equivalent to (1.4%) from the same period last year.

As at March 31, 2023, the Company had current ratio 1.27 and debt to equity 3.29 with an available credit facilities which had not yet been drawn down amounted to 1,067 million Baht. Indicating the Company has capital and adequacy funding sources, suitable financial structure and liquidity for carry on business operations.

(Unit: Thousand Baht)

Statement of financial position	Q1/2023	Percent	Q1/2022	Percent	Changed	
					Value	Percent
<b>Shareholders' equity</b>						
Issued and fully paid-up	400,000	17.3%	400,000	17.3%	-	-
Share premium	75,845	3.3%	75,845	3.3%	-	-
Capital contribution from parent company	406	0.0%	406	0.0%	-	-
Retained earnings: Appropriated	36,970	1.6%	34,700	1.5%	2,270	6.5%
Unappropriated	24,291	1.1%	34,083	1.5%	(9,792)	-28.7%
<b>Total shareholders' equity</b>	<b>537,512</b>	<b>23.3%</b>	<b>545,034</b>	<b>23.6%</b>	<b>(7,522)</b>	<b>-1.4%</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,307,888</b>	<b>100.0%</b>	<b>2,305,945</b>	<b>100.0%</b>	<b>1,943</b>	<b>0.1%</b>

**Financial Ratios**

Financial Ratios	As at 31 March	
	2023	
<b>Liquidity Ratio</b>		
Current Ratio	1.27	Times
<b>Profitability Ratio</b>		
Gross Profit Margin	76.33	%
Net Profit Margin	20.02	%
Return on Equity or ROE	2.21	%
<b>Efficiency Ratio</b>		
Return on Asset or ROA	0.52	%
<b>Financial Ratio</b>		
Debt to Asset Ratio	0.77	Times
Debt to Equity	3.29	Times

**Financial Ratios**

All financial ratios on the above table, profitability ratios and leverage ratios were on acceptable ratios.

**Commitments and Contingent Liabilities**

The Company has entered into lease agreements in respect of the lease of office building space and service agreements. The terms of the agreements are generally 3 years.

onths. Future minimum lease payments required under these non-cancellable operating leases.

### Factors which may adversely impact to the performance

- **Credit Risk**

With the nature of factoring credit transactions, this may face the same credit risk as other types of loans. But the factoring transaction is a credit after the delivery of goods and services to the buyer and due to the purchase and reduction of trade receivables, resulting in the right to claim under the law, together with the company has a strict policy and credit control procedures. With a credit consideration process (Underwriting) and monitoring (credit quality) from various data analysis, both for customers and trade receivables, before and after loan approval as well as establishing credit policies as a standard for assessing credit risk. Require credit review for customer and debtors at least once a year, as well as monitoring and improving the credit process all the time to adjust the process to be efficient and suitable for the economic conditions in each period by using technology and database for risk management. Therefore, the quality of credit management is at a good level in the past.

- **Interest Rate Risk**

The Company's exposure to interest rate risk relates primarily to its cash at banks, factoring receivables, loans receivable, other receivables, bank overdrafts and short-term loans from financial institutions. The Company mitigates this risk by matching the sources of borrowings with factoring receivables to ensure that the Company maintains an accumulated average spread of interest under the Company's policy. Moreover, the Company analyses the term of interest rate movement of factoring receivables, borrowings and the Company adjusts the interest rate charge to receivables when the interest rate changes. Thus, the Company is flexible in its response to interest rate fluctuations. In addition, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

- **Liquidity Risk**

Liquidity risk is the risk due to the company cannot change assets to cash or unable to provide sufficient funds as needed in a timely manner. However, in the past, the company having liquidity management and receiving sufficient and continuous financial support from financial institutions and business partners. Makes it able to support business operations and expand business in the future effectively as well as having a suitable liquidity management between costs and returns Bring continuous good results.

Please be informed accordingly.

Yours faithfully,



(Mr. Akrawit Sooksai)

Director and Chief Executive Officer

