

NO. ZIGA 007/2023

DATE 12 May 2023

Subject: Management explanation and analysis Quarter 1/2023 ending 31 March 2023
Attention: Director and Managing Director
The Stock Exchange of Thailand

Ziga Innovation Public Company Limited was originally a manufacturer of international standard electrical conduit and exporter in the electrical contractor industry under the DAIWA brand. Seeking for the innovative products, ZIGA brand was created, which is an innovative replacement product in the group of galvanized steel pipes or painted black steel pipes and has developed significant growth until the company has raised funds in the stock market to increase production capacity of Pre-zinc steel pipe products.

Currently, the company is a leader in the Pre-zinc pipe market. The company continues to develop products to add value and expand business in both Steel and Non-Steel groups by developing both product value-added models and related businesses from large project customers to general users.

However, the company is aware of the acceleration of changes in the technology world from the past COVID epidemic. The company therefore has an idea to RE-MODEL and in order to be in line with the new business model entering the technology business, the company has expertise in electricity. As a manufacturer of conduits and equipment and has been in the electrical contractor industry for more than 25 years, the company is confident in starting a technology business that can create business opportunities to grow and for adding value to the business by investing in the Bitcoin Mining business.

The company has a customer base that trusts in important projects in Thailand and also be international standard manufacturer and exporter under the ZIGA and DAIWA brands, including non-steel products that reach both the electrical and structural contractors market and general users. The company Start adjusting strategic plan to allocate value products and adjust inventory to be more flexible to cope with volatility. We plan dynamically for inventory life to be flexible in each period including planning to reduce production costs together. Moreover, there are no supply chain problems and trade wars. that created serious volatility and returned to normal.

The company is therefore confident in generating good operating results in the year 2023. by bringing solar rooftop alternative energy to manage bitcoin mine to add value to the company, which the company has a self-managed bitcoin mining machine. which the management team Mining bitcoins will be considered considering the value for which the company Mines are closed and opened with flexibility.

ZIGA Innovation Public Company Limited ("the Company") would like to clarify operating performance of the Company three-month for the Quarter 1/2023 ended 31 March 2023 are as follows:

Consolidated Financial Statements

Statement of Income:	Million Baht		Change increase (decrease)
	Q1/2023	Q1/2022	
Sales	251.8	444.3	- 43.3%
Revenue from digital assets	-	10.9	-100.0%
Other income	4.3	3.6	19.1%
Cost of sales and digital assets	- 214.9	- 418.4	-48.6%
Loss on foreign exchange rates	1.3	- 0.4	-439.9%
Loss from impairment of digital assets	1.9	-	100.0%
Profits from selling digital assets	0.7	-	100.0%
Distribution costs	- 6.6	- 6.3	4.9 %
Administrative expenses	- 13.1	- 12.9	1.9 %
Financial cost	- 6.9	- 5.0	38.2 %
Net Profit (Loss)	14.8	12.1	22.5%
Net Profit (Loss) Margin	5.7 %	2.6 %	
EBITDA (MB)	34.4	30.0	14.5 %
EBITDA (%)	13.4%	6.7%	
Earnings per share (Baht)	0.02	0.02	0.0%

The company has total revenues in the first quarter of 2023 and 2022 equal to 260.1 million baht and 458.8 million baht respectively, a decrease of 198.7 million baht or a decrease rate of total revenue of 43.3%, where the changes can be summarized. as follows.

The Company's revenue from sales in the first quarter of 2023 and 2022 was 251.8 million baht and 444.3 million baht, respectively, a decrease of 192.5 million baht or a decrease in sales revenue of 43.3% in the first quarter in year 2023. The Company recorded a reversal of obsolete and slow-moving inventory. Include in cost of sales and digital assets The Company's gross profit amounted to 36.9 million baht, representing a gross profit margin of 14.7%, which increased when compared to the same period last year.

For income from digital assets It is the income generated by mining digital currency. which decreased by 100% compared to the same period in the first quarter of 2022. In the first quarter of 2023, the Group recorded a reversal of loss on impairment of digital assets in the amount of 1.9 million baht for digital assets remaining as of the date in financial statements.

The company has other income in the first quarter of 2023 and 2022, equal to 4.3 million baht and 3.6 million baht, respectively, an increase of 0.7 million baht compared to the same period last year, mainly from sales revenue. For scrap material

Distribution costs and total administrative expenses in the first quarter of 2023 and 2022 were 19.7 million baht and 19.2 million baht, respectively, an increase of 0.5 million baht, representing an increase of 2.8%. maintain the level of cost of distribution and administration as for the normal operation, it can stay in the same criteria. For finance costs in the 1st quarter of 2023 and 2022 were 6.9 million baht and 5.0 million baht, respectively, an increase of 1.9 million baht, representing an increase of 38.2%, mainly from interest on debentures.

The company has profit (loss) from foreign exchange in the first quarter of 2023 and 2022 equal to 1.3 million baht and -0.4 million baht respectively, an increase of 1.7 million baht, representing an increase of 439.9%.

The Company's net profit in the first quarter of 2023 and 2022 was 14.8 million baht and 12.1 million baht respectively, with the net profit margin of the company accounting for 5.7% and 2.6% of total revenue in the first quarter of 2023 and 2022, respectively, when compared to the same period last year The Company's net profit increased by 2.7 million baht, representing an increase in net profit of 22.5%, with the company's EBITDA in the first quarter of 2023 and 2022 amounting to 34.4 million baht and 30.0 million baht, respectively.

Consolidated statement of financial position

Assets

As of March 31, 2023 and December 31, 2022, the Company has total assets of 1,479.8 million baht and 1,312.6 million baht, respectively. As of 31 March 2023, the company's current assets accounted for 47.4% of total assets. and non-current assets accounted for 52.6% of total assets.

	Consolidated Financial Statements			
	31 March 2023		31 March 2022	
	THB MB	%	THB MB	%
Current assets	701.8	47.4	523.6	39.9
Non-current assets	778.0	52.6	789.0	60.1
Total assets	1,479.8	100.0	1,312.6	100.0

1. Current assets

The Company has total current assets of 701.8 million baht and 523.6 million baht as of the first quarter of 2023 and the end of 2022, representing 47.4% and 39.9% of total assets, respectively. Cash and cash equivalents were 282.7 million baht and 106.7 million baht in the first quarter of 2023 and the end of 2022, or 19.1 percent and 8.1 percent of total assets, respectively, and followed by inventories in the amount of 241.3 million baht and 249.3 million at the first quarter of 2023 and the end of 2022, or 16.3% and 19.0% of total assets, respectively. Most of the increase in current assets. Increased from cash and cash equivalents mainly from the increase from the core business.

2. Non-current assets

As of the first quarter of 2023 and the end of 2022, the Company had total non-current assets of 778.0 million baht and 789.0 million baht respectively, representing 52.6% and 60.1% respectively. The Company's major non-current assets are land, buildings and equipment Accounting for 48.5 percent of total assets. Property, plant and equipment, a net decrease of 5.3 million baht from the purchase of additional assets/transfer of 4.6 million baht, a decrease from the sale of assets and termination of the lease in the amount of 2.1 million baht. and depreciation of 7.7 million baht.

Liability

As of March 31, 2023 and December 31, 2022, the Company has total liabilities of 724.0 million baht and 602.6 million baht, respectively. As of March 31, 2023, the company has current liabilities of 57.6 percent of total liabilities. and non-current liabilities 42.4% of total liabilities.

	Consolidated Financial Statements			
	31 March 2023		31 March 2022	
	THB MB	%	THB MB	%
Current liabilities	417.0	57.6	271.3	45.0
Non-current liabilities	307.0	42.4	331.3	55.0
Total liabilities	724.0	100.0	602.6	100.0

1. Current liabilities

As of the first quarter of 2023 and the end of 2022, the Company had total current liabilities of 417.0 million baht and 271.3 million baht, respectively, representing 57.6 percent and 45.0 percent of total liabilities. Total current liabilities increased from 2022 in the amount of 145.7 million baht, mainly from the increase in liabilities under trust receipts in the amount of 144.7 million baht from the purchase of raw materials from abroad.

2. Non-current liabilities

As of the first quarter of 2023 and the end of 2022, the Company had non-current liabilities of 307.0 million baht and 331.3 million baht, respectively, or 42.4 percent and 55.0 percent of total liabilities, respectively, with the majority of non-current liabilities being long-term debentures. in the amount of 192.8 million baht, representing 26.6 percent of total liabilities from the issuance of debentures on April 26, 2022 and due on April 26, 2024, followed by long-term loans from financial institutions, which the Company has long-term loans from financial institutions net of the portion due within one year equal to 58.7 million baht or 8.1% of total liabilities. and other non-current liabilities from sale and leaseback agreements, net of the portion due within one year, equal to 42.8 million baht or 5.9% of total liabilities.

Equity

As of March 31, 2023 and December 31, 2022, the Company had shareholders' equity of 755.8 million baht and 709.9 million baht, respectively. Exercise of warrants to purchase ordinary shares of the Company in the amount of 31.1 million baht and from retained earnings increased by 14.8 million baht.

In addition to good performance and generating returns as all shareholders who place their trust in the company management team attaches great importance to conducting business with ethics and transparency as well as having good governance as the company received many awards in the fields of governance, innovation, society and environment for more than twenty years. The management team and employees of Ziga Innovation Public Company Limited will be dedicated to revitalizing the business in order to return to generate good returns that deserve the trust and encouragement.

Please be informed accordingly,

Yours Sincerely,

(Miss Valarlak Ngamchitcharoen)
Managing Director