

14 November 2023

Subject: Management Discussion and Analysis Operating results for nine month, ending September 30, 2023.

Attention: The President  
The Stock Exchange of Thailand

AIRA Factoring Public Company Limited (“the Company”) would like to submit the Financial Statements ending September 30, 2023 which was reviewed by auditor and Management Discussion and Analysis Review to be compared operating results between the nine-month period ended 30 September 2023 and 2022 together with the Company’s financial status compared between ending Third quarter as at September 30, 2023 and ending September 30, 2022 as follows:

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

- **Thai economy and operating effect**

In quarter 3 ,2023 The Thai economy is likely to recover continuously. This depends on the recovery of the tourism and private consumption will gain further momentum due to the return of tourists, while merchandise exports slowed down but it will better in 2024. At the same time 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. Including the political situation that still higher uncertain.

The company has adjusted its operating strategy and started using Online Factoring System beside of landing E-Factoring system in quarter 3, 2023, which is a service upgrade in line with the development framework used to business growth up (ESG), this will allow for more efficient control over operations.

- **Operating outlook**

The Company factoring business in the nine-month period ended September 30, 2023, Total revenues were 177.35 million Baht which increased by 8.56 million Baht or 5.1%, net profit 13.77 million Baht which decreased 24.94 million Baht or (64.4%) compared to the same period of the previous year. The decreasing of net profits resulted from increase of finance cost because the policy interest rate of banks and provision for doubtful account.

#### **Performance and Profitability**

The nine-month period ended 30 September 2023 and 2022, interest income from factoring were 130.39 million Baht and 117.55 million Baht or equivalent to 73.5% and 69.6% of total revenues respectively. Fees and services income were 37.23 million Baht and 34.24 million or 21.0% and 20.3% respectively. Interest received from loans amounted to 8.19 million Baht and 16.68 million Baht or 4.6% and 9.9% respectively. Total revenues were 177.35 million Baht and 168.79 million Baht respectively. Finance costs were 44.92 million Baht and 31.24 million Baht or 25.3% and



18.5% respectively. The Company's gross profits were 130.89 million Baht and 137.23 million Baht or 74.45% and 81.45% respectively.

(Unit: Thousand Baht)

Statement of compressive income	For the nine-month period ended		For the nine-month period ended		Changed	
	30 September 2023	Percent	30 September 2022	Percent	Value	Percent
<b>Revenues</b>						
Interest income from factoring	130,392	73.5%	117,550	69.6%	12,842	10.9%
Fees and services income	37,228	21.0%	34,238	20.3%	2,990	8.7%
Interest income from loan	8,190	4.6%	16,682	9.9%	(8,492)	-50.9%
Other Income	1,544	0.9%	321	0.2%	1,223	381.0%
<b>Total revenues</b>	<b>177,354</b>	<b>100.0%</b>	<b>168,791</b>	<b>100.0%</b>	<b>8,563</b>	<b>5.1%</b>

The nine-month period ended 30 September 2023 and 2022, the Company's administrative expenses were 88.27 million Baht and 79.13 million Baht or 49.8% and 46.9% of total revenues. Provision for doubtful account was 27.23 million Baht and 10.14 million Baht respectively or 15.4% and 6.0% of total revenues. The Company have increase of Provision for doubtful account and finance cost because the policy interest rate of banks increased from the same period last year. Resulted to the Net profit for the period of the nine-month of 2023 and 2022 were 13.77 million Baht and 38.72 million Baht respectively.

(Unit: Thousand Baht)

Statement of compressive income	For the nine-month period ended		For the nine-month period ended		Changed	
	30 September 2023	Percent	30 September 2022	Percent	Value	Percent
<b>Expenses</b>						
Administrative expenses	88,269	49.8%	79,131	46.9%	9,138	11.5%
Finance cost	44,924	25.3%	31,243	18.5%	13,681	43.8%
Doubtful accounts	27,232	15.4%	10,138	6.0%	17,094	168.6%
<b>Total expenses</b>	<b>160,425</b>	<b>90.5%</b>	<b>120,512</b>	<b>71.4%</b>	<b>39,913</b>	<b>33.1%</b>
<b>Profit before income tax expenses</b>	<b>16,929</b>	<b>9.5%</b>	<b>48,279</b>	<b>28.6%</b>	<b>(31,350)</b>	<b>-64.9%</b>
Income tax expense (Revenue)	3,155	1.8%	9,564	5.7%	(6,409)	-67.0%
<b>Profit for the period</b>	<b>13,774</b>	<b>7.8%</b>	<b>38,715</b>	<b>22.9%</b>	<b>(24,941)</b>	<b>-64.4%</b>

Basic earnings per share

0.0086 Baht/share

0.0242 Baht/share



### Financial Status as at 30 September 2023

The Company's total assets as at September 30, 2023 were 2,053.01 million Baht which decreased by 120.15 million Baht or (5.5%) compared to as at September 30, 2022.

Current assets as at September 30, 2023 were 1,941.91 million Baht which decreased by 148.55 million Baht or (7.1%) compared to as at September 30, 2022. Largest proportion was Factoring Receivables as at September 30, 2023 were 1,663.40 million Baht or equivalent to 81.0% of total assets.

Non-current assets as at September 30, 2023 were 111.11 million Baht or equivalent to 5.4% of total assets which increased 28.39 million Baht.

(Unit: Thousand Baht)

Statement of financial position	Q3/2023	Percent	Q3/2022	Percent	Changed	
					Value	Percent
<b><u>Current Assets</u></b>						
Cash and cash equivalents	55,099	2.7%	169,432	7.8%	(114,333)	-67.5%
Factoring receivable	1,663,398	81.0%	1,823,847	83.9%	(160,449)	-8.8%
Current portion of loans receivable	170,530	8.3%	94,570	4.4%	75,960	80.3%
Short-term loans to related party	50,000	2.4%	-	0.0%	50,000	100.0%
Other receivable	1,145	0.1%	1,184	0.1%	(39)	-3.3%
Other current assets	1,734	0.1%	1,423	0.1%	311	21.9%
<b>Total current assets</b>	<b>1,941,906</b>	<b>94.6%</b>	<b>2,090,456</b>	<b>96.2%</b>	<b>(148,550)</b>	<b>-7.1%</b>
<b><u>Non-current assets</u></b>						
Loan receivable	46,158	2.2%	49,348	2.3%	(3,190)	-6.5%
Equipment	6,159	0.3%	1,106	0.1%	5,053	456.9%
Right-of-use assets	21,573	1.1%	2,584	0.1%	18,989	734.9%
Intangible assets	4,371	0.2%	5,208	0.2%	(837)	-16.1%
Deposits and guarantees	2,107	0.1%	287	0.0%	1,820	634.1%
Deferred tax assets	30,739	1.5%	24,182	1.1%	6,557	27.1%
<b>Total non-current assets</b>	<b>111,107</b>	<b>5.4%</b>	<b>82,715</b>	<b>3.8%</b>	<b>28,392</b>	<b>34.3%</b>
<b>Total assets</b>	<b>2,053,013</b>	<b>100.0%</b>	<b>2,173,171</b>	<b>100.0%</b>	<b>(120,158)</b>	<b>-5.5%</b>

Total liabilities as at September 30, 2023 were 1,513.62 million Baht or equivalent to 73.7% of total liabilities and shareholders' equity which decreased 90.09 million Baht or (5.6%) compared to as at September 30, 2022 as a result of short-term loan from financial institutions, retention from factoring and excess receipt awaiting to repay which is in line with the decreased in assets of loan receivable.



(Unit: Thousand Baht)

Statement of financial position	Q3/2023	Percent	Q3/2022	Percent	Changed	
					Value	Percent
<b><u>Current liabilities</u></b>						
Short-term loans from financial institutions	1,295,000	63.1%	1,420,000	65.3%	(125,000)	-8.8%
Short-term loans from related party	90,000	4.4%	-	0.0%	90,000	100.0%
Retention from factoring	47,653	2.3%	60,557	2.8%	(12,904)	-21.3%
Current portion of long-term loan	-	0.0%	3,000	0.1%	(3,000)	-100.0%
Current portion of liabilities under finance lease agreements	9,411	0.5%	1,526	0.1%	7,885	516.7%
Excess receipt awaiting to repay	27,409	1.3%	87,205	4.0%	(59,796)	-68.6%
Other payables	10,523	0.5%	8,864	0.4%	1,659	18.7%
Income tax payable	2,211	0.1%	4,049	0.2%	(1,838)	-45.4%
Other current liabilities	1,186	0.1%	1,118	0.1%	68	6.1%
<b>Total current liabilities</b>	<b>1,483,393</b>	<b>72.3%</b>	<b>1,586,319</b>	<b>73.0%</b>	<b>(102,926)</b>	<b>-6.5%</b>
<b><u>Non-current liabilities</u></b>						
Liabilities under finance lease agreements	13,699	0.7%	1,121	0.1%	12,578	1,122.0%
Provision for long-term employee benefits	16,523	0.8%	16,261	0.7%	262	1.6%
<b>Total non-current liabilities</b>	<b>30,222</b>	<b>1.5%</b>	<b>17,382</b>	<b>0.8%</b>	<b>12,840</b>	<b>73.9%</b>
<b>Total liabilities</b>	<b>1,513,615</b>	<b>73.7%</b>	<b>1,603,701</b>	<b>73.8%</b>	<b>(90,086)</b>	<b>-5.6%</b>

#### **Liquidity and Capital Adequacy**

As at September 30, 2023, shareholder s' equity was 539.40 million Baht or equivalent to 26.3% of total liabilities which decreased by 30.07 million Baht or equivalent to (5.3%) from the same period last year.

As at September 30, 2023, the Company had current ratio 1.31 and debt to equity 2.81 with an available credit facilities which had not yet been drawn down amounted to 1,295 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	Q3/2023	Percent	Q3/2022	Percent	Changed	
					Value	Percent
<b>Shareholders' equity</b>						
Issued and fully paid-up	400,000	19.5%	400,000	18.4%	-	-
Share premium	75,845	3.7%	75,845	3.5%	-	-
Capital contribution from parent company	406	0.0%	406	0.0%	-	-
Retained earnings: Appropriated	36,970	1.8%	34,700	1.6%	2,270	6.5%
Unappropriated	26,177	1.3%	58,519	2.7%	(32,342)	-55.3%
<b>Total shareholders' equity</b>	<b>539,398</b>	<b>26.3%</b>	<b>569,470</b>	<b>26.2%</b>	<b>(30,072)</b>	<b>-5.3%</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,053,013</b>	<b>100.0%</b>	<b>2,173,171</b>	<b>100.0%</b>	<b>(120,158)</b>	<b>-5.5%</b>

#### Financial Ratios

Financial Ratios	As at 30 September 2023	
<b>Liquidity Ratio</b>		
Current Ratio	1.31	Times
<b>Profitability Ratio</b>		
Gross Profit Margin	74.45	%
Net Profit Margin	7.77	%
Return on Equity or ROE	2.55	%
<b>Efficiency Ratio</b>		
Return on Asset or ROA	0.67	%
<b>Financial Ratio</b>		
Debt to Asset Ratio	0.74	Times
Debt to Equity	2.81	Times

#### Financial Ratios

All financial ratios on the above table, The financial ratios were on good ratios. The Company had current ratio 1.31 reflecting good liquidity, Also net profit margin of 7.77%, Return on equity 2.55% and debt to equity 2.81.

#### 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 2 years 6 months.



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**

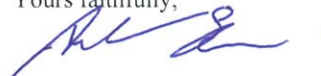
The Company's exposure to interest rate risk relates primarily to its cash at banks, factoring receivables, loans receivable, other receivables, bank overdrafts and short-term loans from financial institutions. The Company mitigates this risk by matching the sources of borrowings with factoring receivables 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

