

NO. ZIGA 018/2023

9 November 2023

Subject: Management explanation and analysis Quarter 3/2023 ending 30 September 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.

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 started 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.

The company's products are not manufactured through a chemical process because they are galvanized steel, coated and finished products and environmentally friendly and do not need to be painted to prevent rust although at present low quality products continue to flow into the market, however, with more stringent product standards being controlled and environmental context especially for large projects that need to be used Green Building Standard (LEED), the company will remain confident in being a product that can meet the needs of customers in the long run.

ZIGA Innovation Public Company Limited (“the Company”) would like to clarify operating performance of the Company nine-month for the Quarter 3/2023 ended 30 September 2023 are as follows:

Consolidated Financial Statements

Statement of Income:	Million Baht		Change increase (decrease)
	Q3/2023	Q3/2022	
Sales	188.5	216.7	-13.0%
Revenue from digital assets	-	0.4	-100.0%
Other income	8.5	2.9	198.5%
Cost of sales and digital assets	- 159.6	- 270.6	-41.0%
Loss on foreign exchange rates	0.8	- 6.1	-112.4%
Credit losses of trade and other current receivables	- 2.6	- 1.6	63.0%
Profit (loss) from digital asset impairment	-	5.5	-100.0%
Profits from selling digital assets	-	- 3.4	-100.0%
Distribution costs	- 5.6	- 5.8	-4.4%
Administrative expenses	- 10.7	- 24.3	-55.8%
Financial cost	- 8.0	- 10.3	-22.0%
Net Profit (Loss)	7.8	- 88.5	108.9%
Net Profit (Loss) Margin	4.0%	-40.3%	
EBITDA (MB)	28.3	- 66.8	142.4%
EBITDA (%)	14.4%	-30.4%	
Earnings (loss) per share (Baht)	0.01	-0.13	-107.7%

Note : EBITDA means profit before finance costs, income tax, depreciation and amortization

The company has total income in the third quarter of 2023 and 2022 equal to 197.1 million baht and 219.9 million baht respectively, a decrease of 22.9 million baht or a decrease rate of total revenue of 10.4%, where the changes can be summarized. as follows:

The Company's revenue from sales in the third quarter of 2023 and 2022 was 188.5 million baht and 216.7 million baht respectively, a decrease of 28.1 million baht or a decrease in sales revenue of 13.0 % in the third quarter of 2023 the company recorded a reversal of obsolete and slow-moving inventories. Included in cost of sales and digital assets The Company's gross profit amounted to 28.9 million baht, representing a gross profit margin of 15.3%, which increased when compared to the same period last year.

Income from digital assets is the income generated by mining digital currency. which decreased by 100% compared to the same period in the third quarter of 2022.

The company has other income in the third quarter of 2023 and 2022, equal to 8.5 million baht and 2.9 million baht, respectively, an increase of 5.7 million baht compared to the same period last year, mainly from interest income from loans borrow.

Distribution costs and total administrative expenses in the third quarter of 2023 and 2022 were 16.3 million baht and 30.1 million baht, respectively, a decrease of 13.8 million baht, representing a decrease of 45.9 %. down from staff expenses and decrease in the cost of mining cryptocurrencies Because in the third quarter of 2022, the company realized the amortization of digital currency coin mining services. And other related expenses are administrative expenses.

For finance costs in the third quarter of 2023 and 2022 were 8.0 million baht and 10.3 million baht, respectively, an increase of 2.3 million baht.

The company had losses from foreign exchange in the third quarter of 2023 and 2022, equal to 0.8 million baht and -6.1 million baht, respectively, a decrease of 6.8 million baht, representing a decrease of 112.4 %.

The Company's net profit (loss) in the third quarter of 2023 and 2022 was 7.8 million baht and -88.5 million baht, respectively, with the net profit (loss) of the company accounting for 4.0 percent and -40.3 percent of revenue. It is included in the third quarter of 2023 and 2022, respectively, when compared to the same period last year. The company's net profit increased by 96.4 million baht, representing an increase in

net profit of 108.9%, with the company's EBITDA in the third quarter of 2023 and 2022 amounting to 28.3 million baht and -66.8 million baht, respectively.

Consolidated statement of financial position

Assets

As of September 30 2023, and December 31 2022, the Company has total assets of 1,424.6 million baht and 1,312.6 million baht, respectively. As of September 30 2023, the company's current assets accounted for 41.1% of total assets. and non-current assets accounted for 58.9% of total assets.

	Consolidated Financial Statements			
	30 September 2023		31 December 2022	
	THB MB	%	THB MB	%
Current assets	584.8	41.1	523.6	39.9
Non-current assets	839.8	58.9	789.0	60.1
Total assets	1,424.6	100.0	1,312.6	100.0

1. Current assets

The Company has total current assets of 584.8 million baht and 523.6 million baht as of the third quarter of 2023 and the end of 2022, representing 41.1% and 39.9% of total assets, respectively, the company has significant current assets. Cash and cash equivalents were 160.9 million baht and 106.7 million baht in the third quarter of 2023 and the end of 2022, or 11.3 percent and 8.1 percent of total assets, respectively, and followed by inventories in the amount of 172.4 million baht and 249.3 million at the third quarter of 2023 and the end of 2022, or 12.1% and 19.0% of total assets, respectively. Most of the increase in current assets This increased from short-term loans to others in the amount of 104.0 million baht and cash and cash equivalents in the amount of 54.3 million baht.

2. Non-current assets

As of the third quarter of 2023 and the end of 2022 the Company had total non-current assets of 839.8 million baht and 789.0 million baht respectively, or representing 58.9 percent and 60.1 percent, respectively. The Company's major non-current assets are property, plant and equipment. accounted for 704.3 percent of total assets. Property, plant and equipment decreased by a net amount of 19.3 million baht from the purchase of additional assets/transfer of 6.4 million baht, a decrease from the sale of assets and termination of the lease in the amount of 2.1 million baht and depreciation. The price is 23.6 million baht.

Liability

As of September 30 2023 and December 31 2022, the Company has total liabilities of 654.3 million baht and 602.6 million baht, respectively. As of September 30 2023, the company has current liabilities of 88.1% of total liabilities. and non-current liabilities 11.9% of total liabilities.

	Consolidated Financial Statements			
	30 September 2023		31 December 2022	
	THB MB	%	THB MB	%
Current liabilities	576.6	88.1	271.3	45.0
Non-current liabilities	77.7	11.9	331.3	55.0
Total liabilities	654.3	100.0	602.6	100.0

1. Current liabilities

As of the third quarter of 2023 and the end of 2022, the Company had total current liabilities of 576.6 million baht and 271.3 million baht, respectively, representing 88.1 percent and 45.0 percent of total liabilities. Total current liabilities increased from 2022 in the amount of 305.3 million baht, most of them increased from the classification of debentures. from non-current liabilities It is current liabilities in the amount of 193.7 million

baht due to maturity on April 26, 2024, followed by liabilities under trust receipts. An increase of 129.1 million baht from the purchase of raw materials from abroad.

2. Non-current liabilities

As of the third quarter of 2023 and the end of 2022, the Company had non-current liabilities of 77.7 million baht and 331.3 million baht, respectively, or 11.9 percent and 55.0 percent of total liabilities, respectively, Total non-current liabilities decreased from 2022 in the amount of 253.7 million baht, mainly from the debenture classification. from non-current liabilities is a current liability Due to maturity within 1 year, most of non-current liabilities are long-term loans from financial institutions net of the portion due within one year in the amount of 31.6 million baht, accounting for 4.8% of total liabilities, followed by and There were other non-current liabilities from the sale and leaseback agreement net of the portion due within one year, equal to 34.7 million baht or 5.3% of total liabilities.

Equity

As of September 30 2023 and December 31 2022, the Company had shareholders' equity of 770.2 million baht and 709.9 million baht, respectively, an increase of 60.5 million baht from ordinary shares and premium on ordinary shares. Paid-up capital increased from the exercise of warrants to purchase ordinary shares of the Company in the amount of 31.1 million baht and from the retained earnings increased by 29.4 million baht.

Please be informed accordingly,

Yours Sincerely,

(Miss Valarlak Ngamchitcharoen)

Managing Director