

AF-CS 009/2567

9 May 2024

Subject: Management Discussion and Analysis Operating results for the three month, ending March 31, 2024.

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, 2024 which was reviewed by auditor and Management Discussion and Analysis Review to be compared operating results between the three-month period ended 31 March 2024 and 2023 together with the Company’s financial status compared between ending First quarter as at March 31, 2024 and ending March 31, 2023 as follows:

Financial Performance Explanation and Analysis

- **Thai economy and operating effect**

In quarter 1 ,2024 The Thai economy tends to expand at a higher rate than the previous year. 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. As a result, the policy interest rate continuously high compared to the previous year. 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 1, 2024, 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.

Performance and Profitability

The three-month period ended 31 March 2024 and 2023, interest income from factoring were 44.24 million Baht and 43.00 million Baht or equivalent to 70.3% and 72.4% of total revenues respectively. Fees and services income were 11.02 million Baht and 13.63 million or 17.5% and 23.0% respectively. Interest received from loans amounted to 7.29 million Baht and 2.75 million Baht or 11.6% and 4.6% respectively. Total revenues were 62.90 million Baht and 59.39 million Baht respectively. Finance costs were 20.33 million Baht and 14.06 million Baht or 32.3% and 23.7% respectively. The Company’s gross profits were 43.31 million Baht and 45.35 million Baht or 69.25% and 76.37% respectively.

The three-month period ended 31 March 2024 and 2023, the Company's administrative expenses were 29.18 million Baht and 28.27 million Baht or 46.4% and 47.6% of total revenues. Provision for doubtful account was (1.78) million Baht and 2.30 million Baht respectively or (2.8)% and 3.9% of total revenues. The Company have decrease of Provision for doubtful account but finance cost increased because the policy interest rate of banks increased from the same period last year. Resulted to the Net profit for the period of the three-month of 2024 and 2023 were 12.45 million Baht and 11.89 million Baht respectively.

Financial Status as at 31 March 2024

The Company's total assets as at March 31, 2024 were 2,399.44 million Baht which increased by 91.55 million Baht or 4.0% compared to as at March 31, 2023.

Current assets as at March 31, 2024 were 2,258.08 million Baht which increased by 36.86 million Baht or 1.7% compared to as at March 31, 2023. Largest proportion was Factoring Receivables as at March 31, 2024 were 1,871.44 million Baht or equivalent to 78.0% of total assets.

Non-current assets as at March 31, 2024 were 141.36 million Baht or equivalent to 5.9% of total assets which increased 54.69 million Baht.

Total liabilities as at March 31, 2024 were 1,854.55 million Baht or equivalent to 77.3% of total liabilities and shareholders' equity which increased 84.17 million Baht or 4.8% compared to as at March 31, 2023 as a result of short-term loan from financial institutions. Including increased from liabilities under finance lease.

Liquidity and Capital Adequacy

As at March 31, 2024, shareholder s' equity was 544.89 million Baht or equivalent to 22.7% of total liabilities which increased by 7.38 million Baht or equivalent to 1.4% from the same period last year.

As at March 31, 2024, the Company had current ratio 1.25 and debt to equity 3.40 with an available credit facilities which had not yet been drawn down amounted to 980 million Baht. Indicating the Company has capital and adequacy funding sources, suitable financial structure and liquidity for carry on business operations.

Financial Ratios

The financial ratios were on good ratios. The Company had current ratio 1.25 reflecting good liquidity, Also net profit margin of 19.79%, Return on equity 2.28% and debt to equity 3.40.

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.

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,

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(Mr. Akrawit Sooksai)

Director and Chief Executive Officer