

NO. ZIGA 008/2024

10 May 2024

Subject: Management explanation and analysis Quarter 1/2024 ending 31 March 2024
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 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 plans 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.

In the past year, the company adjusted its product strategy by reducing the proportion of products with small profit margins and the possibility of loss and increasing the proportion of products with higher profit margins. And caused some sales to disappear. However, the company saw that this strategy makes the company able to manage risk during volatile times well and generate satisfactory profit margins at a time when similar industries face cost challenges and suffer losses. The Company continues to adhere to this approach and is committed to creating good returns for shareholders and creating sustainability with care during challenging times.

Changing the strategy to enter the user group directly may not see the sales dimension in the short term. But from a higher profit margin than last year It is the proportion that the company It is thought appropriate for creating a brand that maintains consistent quality even though it sells in the niche market. The company is confident that it will be able to win the hearts of users in the long term and when the government turns to control and When product quality standards are raised, the company will be able to quickly return to expanding the market.

ZIGA Innovation Public Company Limited (“the Company”) would like to clarify operating performance of the Company Quarter 1/2024 ending 31 March 2024 are as follows:

Consolidated Financial Statements

Statement of Income:	Milion Baht		Change increase (decrease)
	Q1/2567	Q1/2566	
Sale	166.5	251.8	-33.9%
Other income	3.7	4.3	-15.8%
Cost of sales and digital assets	-133.3	-214.9	-38.0%
Gain (loss) from selling investments in subsidiaries	-1.3	1.3	-201.9%
Credit losses of trade and other current receivables	-2.0	-	100.0%
Reversal of digital asset impairment	-	1.9	-100.0%
Profit from selling digital assets	-	0.7	-100.0%
Distribution costs	-4.6	-6.6	-30.1%
Administrative expenses	-12.0	-13.1	-8.4%
Financial costs	-4.2	-6.9	-38.5%
Net profit	9.8	14.8	-33.9%
Net profit margin	5.7%	5.7%	
EBITDA (Million baht)	26.0	34.4	-24.4%
EBITDA (%)	15.3%	13.4%	
Profit (Loss) per share (Baht)	0.01	0.02	-50.0%

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

The company has total income in the first quarter of 2024 and 2023 equal to 168.8 million baht and 256.2 million baht, respectively, a decrease of 87.4 million baht or equivalent to a decrease in total income of 34.1 percent. The changes can be summarized. As follows:

The Company has sales revenue in the first quarter of 2024 and 2023 equal to 166.5 million baht and 251.8 million baht, respectively, a decrease of 85.4 million baht or equivalent to a decrease in sales revenue of 33.9 percent. Decrease in income due to the company Avoiding price competition with products of different quality, therefore focuses on marketing in the user segment and aims to maintain the brand that wins the hearts of users who emphasize quality and trust in the ZIGA and DAIWA brands. The company therefore chooses to manage specific products. Groups in which the company can make good profits This can be seen from the increase in gross profit margin compared to the previous year. This represents a gross profit margin of 19.9 percent, a gross profit of 33.2 million baht.

The Company has other income in the first quarter of 2024 and 2023 equal to 3.7 million baht and 4.3 million baht, respectively, a decrease compared to the same period last year in the amount of 3.8 million baht, which decreased mainly from sales revenue. Scrap material.

Total distribution costs and administrative expenses in the first quarter of 2024 and 2023 were 16.6 million baht and 19.7 million baht, respectively, a decrease of 3.1 million baht, representing a decrease of 15.6 percent, mostly reduced. Decreased because in the first quarter of 2023, the company had a loss from canceling the use of assets in the amount of 2.1 million baht. However, the company still maintained the level of distribution costs and administrative expenses for normal operations can remain within the original criteria.

As for financial costs in the first quarter of 2024 and 2023, equal to 4.2 million baht and 6.9 million baht, respectively, a decrease of 2.7 million baht, representing a decrease of 38.5 percent, mainly due to interest on debentures redeemed.

The company has profit (loss) from foreign currency exchange rates in the first quarter of 2024 and 2023 equal to -1.3 million baht and 1.3 million baht, respectively. Profit decreased by 2.6 million baht, representing a decrease of 201.9 percent.

The Company had a credit loss on trade receivables and other current receivables in the first quarter of 2024 equal to 2.0 million baht, an increase of 100.0 percent when compared to the same period last year.

The Company has net profits in the first quarter of 2024 and 2023 of 9.8 million baht and 14.8 million baht, respectively. The company's net profit margin is 5.7 percent and 5.7 percent of total revenue in the first quarter of 2024 and Year 2023, respectively, when compared to the same period in the previous year. The company's net profit decreased by 5.0 million baht or representing a decrease in net profit of 33.9 percent. The company's EBITDA in the first quarter of 2024 and 2023 was 26.0 million baht and 34.4 million baht, respectively.

Consolidated statement of financial position

Assets

As of March 31, 2024 and December 31, 2023, the Company had total assets equal to 1,092.7 million baht and 1,271.2 million baht, respectively. As of March 31, 2024, the Company had current assets of 33.0 percent of total assets. and non-current assets 67.0 percent of total assets.

	Consolidated Financial Statements			
	31 March 2024		31 December 2023	
	THB MB	%	THB MB	%
Current assets	360.2	33.0	488.6	38.4
Non-current assets	732.5	67.0	782.6	61.6
Total assets	1,092.7	100.0	1,271.2	100.0

1. Current assets

Quarter 1 of 2024 and the end of 2023, the company has total current assets of 360.2 million baht and 488.6 million baht, or 33.0 percent and 38.4 percent of total assets, respectively. The company has important current assets: Inventories amounted to 162.1 million baht and 188.6 million baht as of the first quarter of 2024 and the end of 2023, or equivalent to 14.8 percent and 14.8 percent to total assets, respectively, and followed by trade receivables and other current receivables, remaining at 108.7 million baht. and 114.2 million baht as of the first quarter of 2024 and the end of 2023, or equivalent to 10.0 percent and 9.0 percent of total assets. Total current assets decreased by 128.4 million baht, mainly due to a decrease in cash and cash equivalents due to the company repaying bonds before their redemption dates.

2. Non-current assets

In the first quarter of 2024 and at the end of 2023, the Company had total non-current assets of 732.5 million baht and 782.6 million baht, or 67.0 percent and 61.6 percent of total assets, respectively. The company has important non-current assets, namely land, buildings and equipment Representing 59.8 percent of total assets, land, buildings, and equipment decreased by a net amount of 7.3 million baht from the purchase of additional assets/transfers of 0.6 million baht and an increase in depreciation of 7.9 million baht.

Liability

As of March 31, 2024 and December 31, 2023, the Company had total liabilities equal to 300.7 million baht and 489.0 million baht, respectively. As of March 31, 2024, the company had current liabilities of 80.9 percent of total liabilities. and non-current liabilities were 19.1 percent of total liabilities.

	Consolidated Financial Statements			
	31 March 2024		31 December 2023	
	THB MB	%	THB MB	%
Current liabilities	243.2	80.9	423.4	86.6
Non-current liabilities	57.5	19.1	65.6	13.4
Total liabilities	300.7	100.0	489.0	100.0

1. Current liabilities

Quarter 1 of 2024 and the end of 2023, the company had total current liabilities of 243.2 million baht and 423.4 million baht, or 80.9 percent and 86.6 percent of total liabilities, respectively. Total current liabilities decreased from 2023 by 180.2 million baht. Most of them decreased from the repayment of bonds before maturity amounted to 126.1 million baht and decreased from debt under the trust receipt agreement in the amount of 35.0 million baht from the purchase of raw materials from abroad.

2. Non-current liabilities

In the first quarter of 2024 and the end of 2023, the Company had non-current liabilities of 57.5 million baht and 65.6 million baht, or 19.1 percent and 13.4 percent of total liabilities, respectively. Most of the non-current liabilities were long-term loans from institutions. Finance, the Company has long-term loans from financial institutions net of the portion due within one year of 19.8 million baht, or 6.6 percent of total liabilities. And there are other non-current liabilities from sales and leaseback agreements, net of the portion due within one year, equal to 26.5 million baht, or 8.8 percent of total liabilities.

Equity

As of March 31, 2024 and December 31, 2023, the Company had shareholder's equity of 792.0 million baht and 782.3 million baht, respectively. Shareholders' equity increased by 9.8 million baht from an increase in retained earnings of 9.8 million baht.

Please be informed accordingly,

Yours Sincerely,

(Miss Valarlak Ngamchitharoen)

Managing Director