

NO. ZIGA 009/2021

5 May 2021

Subject: Management explanation and analysis Quarter 1/2021 ending 31 March 2021

Attention: The President of, The Stock Exchange of Thailand

Ziga Innovation Public Company Limited ("the Company") manufactures and distributes Pre-zinc structural steel pipe under the Company's brand "ZIGA" and electrical conduit under the Company's brand "DAIWA". They are innovative substitute products for hot-dip galvanized product or painted pipe. Now the Company is the leader for Pre-zinc structural pipe and be the one who determines in developing value-added products and extends the market for co-related business particularly in the way to response the strategy for "CONVENIENT ECONOMY" the Company has expanded the customer base to both online and offline market for customers convenient. Additionally, the company has extended the products such as welding wire for galvanized steel and galvanized paint. The aim is to build strong growth and sustainable returns by practicing good governance along with developing the society, community, and environment.

In the first quarter, the Company adjusted strategy to expand outlets by expanding branches franchise business. This is a new business opportunity that can attract local business networks by creating business alliances that grow together and ready to operate the ZIGA OUTLET franchise expansion and the expansion of branches according to the target in the second quarter. A marketing plan focused on connecting more people "Connect People" both online and offline.

The Company has efficiently planned product proportions, especially customers in the home repair and decoration market. In addition, it has also increased the product portfolio in the agricultural greenhouses, hemp crops, and hemp market, resulting in a more niche market that the company has been able to generate favorable profit margins in the customer segment. Opportunities to be a part of important projects in Thailand continuously. As a result, the Company's revenue and profit margins grow.

ZIGA Innovation Public Company Limited ("the Company") would like to clarify operating performance of the Company three-month for the Quarter 1/2021 ended 31 March 2021 are as follows:

Statement of Income :	Million Baht		change increase (decrease)
	Q1/2021	Q1/2020	
Sales	266.5	224.5	18.7%
Other income	3.2	1.9	69.7%
Cost of sales	- 204.2	- 189.8	7.5%
Selling expenses	- 5.9	- 5.3	11.4%
Administrative expenses	- 18.2	- 15.0	21.4%
Finance costs	- 3.6	- 4.0	-8.3%
Profit for the period	30.3	10.2	198.4%
Net Profit	11.2%	4.5%	
EBITDA (MB)	48.5	22.4	117.0%
EBITDA (%)	18.0%	9.9%	
Earnings per share (Baht)	0.06	0.02	200.0%

Remark : EBITDA = Profit before finance costs, income tax, Depreciation and Amortization

The Company earned THB 269.8 MB and THB 226.5 MB in Q1/2021 and 2020 respectively, an increase in total revenue amount THB 43.3 MB, equivalent to 19.1% of total revenue and can be summarized as the following:

The Company's revenue from sales amounted to THB 266.5 MB and THB 224.5 MB in Q1/2021 and 2020 respectively. An increase in revenue from sales amount THB 42.0 MB, equivalent to 18.7% of total revenue from sales. The company has a higher gross margin comparing to the same period from 15.5% to 23.4% because the company is able to manage production efficiently from the opening of new factories. Resulting in lower production costs per unit.

The Company's other income THB 3.2 MB and THB 1.9 MB Q1/2021 and 2020 respectively, an increase compared to the same period amount THB 1.3 MB, most of them increased from revenue from the sale of scrap materials.

Total selling and administrative expenses THB 24.1 MB and 20.3 MB in Q1/2021 and 2020 respectively. An increase THB 3.8 MB, mainly from loss on exchange rate. However, the Company can maintain the level of selling and administrative expenses to be in the same criteria. Financial costs were not significantly changed.

The Company earned net profit in Q1/2021 and 2020 amounting THB 30.3 MB and THB 10.2 MB respectively. Net profit of the company equal to 11.2% and 4.5% of total revenue respectively, increased for comparing to the same period amount THB 20.2 MB, equivalent to 198.4% of net profit. EBITDA in Q1/2021 and 2020 amounted THB 48.5 MB and THB 22.4 MB respectively.

## **Statement of Financial Position**

### **Assets**

The Company's total assets as of 31 December 2020 and 31 March 2021 totaled THB 1,383.6 MB and THB 1,481.2 MB respectively. As at 31 March 2021 the Company is current asset in which accounted for 51.3% of the total assets and non-current asset accounted for 48.7% of the total assets.

	<b>31 December 2020</b>		<b>31 March 2021</b>	
	<b>THB MB</b>	<b>%</b>	<b>THB MB</b>	<b>%</b>
Current assets	685.5	49.5	759.3	51.3
Non-current assets	698.1	50.5	721.9	48.7
Total assets	1,383.6	100.0	1,481.2	100.0

### **1. Current assets**

The Company's current assets as of 31 December 2020 and Q1/2021 was THB 685.5 MB and THB 759.3 MB respectively, equivalent to 49.5% and 51.3% of total assets respectively. The Company had inventory as of the year 2020 and Q1/2021 amounted THB 322.8 MB and THB 460.1 MB respectively, equivalent to 23.3% and 31.1% of the total assets respectively. Secondary, trade and other receivables of THB 160.3 MB and THB 179.6 MB at the end of the year 2020 and Q1/2021 or 11.6% and 12.1% of total assets respectively. Current assets That increased the majority from inventories to support sales.

## 2. Non-current assets

As of the year 2020 and Q1/2021 the Company's non-current assets totaled THB 698.1 MB and THB 721.9 MB respectively, equivalent to 50.5% and 48.7% respectively. The main non-current assets are land and equipment which were 49.3% and 48.7% of the total assets in which the increase by land and equipment net THB 23.1 MB is from buying and transferring assets THB 29.5 MB and depreciation on useful life of asset in which increase for THB 6.4 MB.

## Liabilities

The Company's total liabilities as of 31 December 2020 and 31 March 2021 totaled THB 563.3 MB and THB 710.7 MB respectively. The Company's current liabilities in which accounted for 80.0% of the total liabilities and non-current liabilities accounted for 20.0% of the total liabilities.

	31 December 2020		31 March 2021	
	THB MB	%	THB MB	%
Current liabilities	407.4	72.3	568.5	80.0
Non-current liabilities	155.9	27.7	142.2	20.0
Total liabilities	563.3	100.0	710.7	100.0

### 1. Current liabilities

As of the year end 2020 and Q1/2021 the Company's current liabilities totaled THB 407.4 MB and THB 568.5 MB respectively, equivalent to 72.3% and 80.0% respectively of the total Liabilities. Total current liabilities increased from 2020 by THB 161.1 MB due to an increase in accrued dividends. According to the resolution of the Annual General Meeting of Shareholders for the year 2021 amounting to THB 80.0 MB. And from trade and other payables, an increase of THB 75.3 MB from purchasing raw materials from abroad.

### 2. Non-current Liabilities

As of the year end 2020 and Q1/2021, the Company's non-current liabilities THB 155.9 MB and THB 142.2 MB respectively, equivalent to 27.7% and 20.0% respective of the total liabilities. The main non-current liabilities in long-term debt. The long-term debt due date within one year is THB 141.9 MB and THB 128.9 MB respectively, equivalent to 25.2% and 18.1% respective of the total liabilities. The decrease for long term loan in Q1/2021 due to gradually paying off some balance of debt.

## Shareholder's equity

The Company's shareholders equity as of the year 2020 and Q1/2021 amounted to THB 820.2 MB and THB 770.5 MB respectively. Shareholders' equity decreased THB 49.7 MB due to the decrease in retained earnings THB 38.3 MB and a decrease in registered capital. As a result, the share capital of the issued and paid-up shares decreased THB 11.4 MB.

Please be informed accordingly,

Yours Sincerely,

(Miss Valarlak Ngamchitcharoen)  
Managing Director