

10 May 2022

Subject: Management Discussion and Analysis Operating results for three months, ending March 31, 2022.

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, 2022 which was reviewed by auditor and Management Discussion and Analysis Review to be compared operating results between the three-month period ended March 31, 2022 and 2021 together with the Company’s financial status compared between ending first quarter as at March 31, 2022 and ending March 31, 2021 as follows:

**Financial Performance Explanation and Analysis**

● **Operating outlook**

The Company factoring business in the three-month period ended March 31, 2022, total revenues were 55.28 million Baht which increased by 6.80 million Baht or 14.0%, net profit 14.28 million Baht which increased 0.34 million Baht or 2.4% compared to the same period of the previous year. This resulted from economic gradually recovery.

● **Thai economy and operating effect**

In the first quarter of 2022, the Thai economy is still in the direction of recovery. by exporting goods slightly increased in line with improving foreign demand. At the same time, the number of foreign tourists increased. from the previous quarter According to the return to open registration into the country through the Test & Go system resulting in production The industrial sector slightly improved. However, private consumption and investment declined slightly from the impact of the COVID-19 (Omicron) outbreak. The government spending expanded from both fixed expenditures and federal investment expenditures.

The company has adjusted its operating strategy by going to develop Digital Lending beside of finishing E-Factoring system, which can reduce paper usage. reduce global warming at present, the WTO has focused on the environment and used it as one of the conditions to reduce trade barriers from member countries as well.

**Performance and Profitability**

The three-month period ended March 31, 2022 and 2021, interest income from factoring were 37.80 million Baht and 35.02 million Baht or equivalent to 68.4% and 72.2% of total revenues respectively. Fees and services income were 11.63 million Baht and 9.61 million or 21.0% and 19.8% respectively. Interest received from loans amounted to 5.58 million Baht and 3.85 million Baht or 10.1% and 7.9% respectively. Total revenues were 55.28 million Baht and 48.48 million Baht respectively. Finance costs were 10.01million Baht and 8.86 million Baht or 18.1% and 18.3%

respectively. The Company's gross profits were 44.99 million Baht and 39.62 million Baht or 81.81% and 81.73% respectively.

(Unit: Thousand Baht)

Statement of compressive income	Q1/2022	Percent	Q1/2021	Percent	Changed	
					Value	Percent
<b>Revenues</b>						
Interest income from factoring	37,792	68.4%	35,021	72.2%	2,771	7.9%
Fees and services income	11,625	21.0%	9,609	19.8%	2,016	21.0%
Interest income from loan	5,580	10.1%	3,845	7.9%	1,735	45.1%
Other Income	278	0.5%	0	0.0%	278	0.0%
<b>Total revenues</b>	<b>55,275</b>	<b>100.0%</b>	<b>48,475</b>	<b>100.0%</b>	<b>6,800</b>	<b>14.0%</b>

The three-month period ended March 31, 2022 and 2021, the Company's administrative expenses were 25.59 million Baht and 24.64 million Baht or 46.3% and 50.8% of total revenues. Provision for doubtful account was 1.78 million Baht and (2.21) million Baht respectively or 3.2% and (4.6%) of total revenues. The proportion of administrative expenses decreased as a result of the adoption of new technology in the operation. This allows the company to save costs and reduce the work process resulted to the Net Profit for the period of the three-month of 2022 and 2021 were 14.28 million Baht and 13.94 million respectively.

(Unit: Thousand Baht)

Statement of compressive income	Q1/2022	Percent	Q1/2021	Percent	Changed	
					Value	Percent
<b>Expenses</b>						
Administrative expenses	25,594	46.3%	24,635	50.8%	959	3.9%
Finance cost	10,005	18.1%	8,858	18.3%	1,147	12.9%
Doubtful accounts	1,776	3.2%	(2,206)	-4.6%	3,982	-180.5%
<b>Total expenses</b>	<b>37,375</b>	<b>67.6%</b>	<b>31,287</b>	<b>64.5%</b>	<b>6,088</b>	<b>19.5%</b>
<b>Profit before income tax expenses</b>	<b>17,900</b>	<b>32.4%</b>	<b>17,188</b>	<b>35.5%</b>	<b>712</b>	<b>4.1%</b>
Income tax expense (Revenue)	3,621	6.6%	3,246	6.7%	375	11.6%
<b>Profit for the period</b>	<b>14,279</b>	<b>25.8%</b>	<b>13,942</b>	<b>28.8%</b>	<b>337</b>	<b>2.4%</b>

Basic earnings per share

0.0089 Baht/share

0.0087 Baht/share

### Financial Status as at March 31, 2022

The Company's total assets as at March 31, 2022 were 2,305.95 million Baht which increased by 321.29 million Baht or 16.2% compared to as at March 31, 2021.

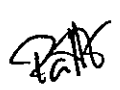
Current assets as at March 31, 2022 were 2,207.46 million Baht which increased by 320.03 million Baht or 17.0% compared to as at March 31, 2021. Largest proportion was Factoring Receivables as at March 31, 2022 were 1,888.90 million Baht or equivalent to 81.9% of total assets.

Non-current assets as at March 31, 2022 were 98.48 million Baht or equivalent to 4.3% of total assets which increased 1.26 million Baht.

(Unit: Thousand Baht)

Statement of financial position	31-Mar-22	Percent	31-Mar-21	Percent	Changed	
					Value	Percent
<b>Current Assets</b>						
Cash and cash equivalents	85,325	3.7%	45,652	2.3%	39,673	86.9%
Factoring receivable	1,888,900	81.9%	1,668,078	84.0%	220,822	13.2%
Current portion of loans receivable	229,725	10.0%	170,946	8.6%	58,779	34.4%
Other current assets	3,512	0.2%	2,760	0.1%	752	27.2%
<b>Total current assets</b>	<b>2,207,462</b>	<b>95.7%</b>	<b>1,887,436</b>	<b>95.1%</b>	<b>320,026</b>	<b>17.0%</b>
<b>Non-current assets</b>						
Loan receivable	66,402	2.9%	53,825	2.7%	12,577	23.4%
Equipment	700	0.0%	1,080	0.1%	(380)	-35.2%
Right-of-use assets	1,521	0.1%	6,722	0.3%	(5,201)	-77.4%
Intangible assets	6,451	0.3%	8,359	0.4%	(1,908)	-22.8%
Deposits and guarantees	297	0.0%	315	0.0%	(18)	-5.7%
Deferred tax assets	23,112	1.0%	26,921	1.4%	(3,809)	-14.1%
<b>Total non-current assets</b>	<b>98,483</b>	<b>4.3%</b>	<b>97,222</b>	<b>4.9%</b>	<b>1,261</b>	<b>1.3%</b>
<b>Total assets</b>	<b>2,305,945</b>	<b>100.0%</b>	<b>1,984,658</b>	<b>100.0%</b>	<b>321,287</b>	<b>16.2%</b>

Total liabilities as at March 31, 2022 were 1,760.91 million Baht or equivalent to 76.4% of total liabilities and shareholders' equity which increased 311.43 million Baht or 21.5% compared to as at March 31, 2021 as a result of short-term loans from financial institutions which is in line with the increased in assets of loan receivable.



(Unit: Thousand Baht)

Statement of financial position	31-Mar-22	Percent	31-Mar-21	Percent	Changed	
					Value	Percent
<b>Current liabilities</b>						
Short-term loans from financial institutions	1,623,000	70.4%	1,350,000	68.0%	273,000	20.2%
Retention from factoring	49,746	2.2%	42,618	2.1%	7,128	16.7%
Current portion of long-term loan	9,000	0.4%	0	0.0%	9,000	100.0%
Current portion of liabilities under finance lease agreements	1,275	0.1%	5,248	0.3%	(3,973)	-75.7%
Excess receipt awaiting to repay	43,126	1.9%	19,092	1.0%	24,034	125.9%
Other payables	5,600	0.2%	3,712	0.2%	1,888	50.9%
Income tax payable	8,197	0.4%	7,827	0.4%	370	4.7%
Other current liabilities	706	0.0%	2,129	0.1%	(1,423)	-66.8%
<b>Total current liabilities</b>	<b>1,740,650</b>	<b>75.5%</b>	<b>1,430,626</b>	<b>72.1%</b>	<b>310,024</b>	<b>21.7%</b>
<b>Non-current liabilities</b>						
Long-term loan, net of current portion	333	0.0%	1,608	0.1%	(1,275)	100.0%
Provision for long-term employee benefits	19,928	0.9%	17,243	0.9%	2,685	15.6%
<b>Total non-current liabilities</b>	<b>20,261</b>	<b>0.9%</b>	<b>18,851</b>	<b>0.9%</b>	<b>1,410</b>	<b>7.5%</b>
<b>Total liabilities</b>	<b>1,760,911</b>	<b>76.4%</b>	<b>1,449,477</b>	<b>73.0%</b>	<b>311,434</b>	<b>21.5%</b>

#### Liquidity and Capital Adequacy

As at March 31, 2022, shareholder s' equity was 545.03 million Baht or equivalent to 23.6% of total liabilities and shareholders' equity which increased by 9.85 million Baht.

As at March 31, 2022, the Company had available credit facilities which had not yet been drawn down amounted to 1,047 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	31-Mar-22	Percent	31-Mar-21	Percent	Changed	
					Value	Percent
<b>Shareholders' equity</b>						
Issued and fully paid-up	400,000	17.3%	400,000	20.2%	-	-
Share premium	75,845	3.3%	75,845	3.8%	-	-
Capital contribution from parent company	406	0.0%	406	0.0%	-	-
Retained earnings: Appropriated	34,700	1.5%	32,200	1.6%	2,500	7.8%
Unappropriated	34,083	1.5%	26,730	1.3%	7,353	27.5%
<b>Total shareholders' equity</b>	<b>545,034</b>	<b>23.6%</b>	<b>535,181</b>	<b>27.0%</b>	<b>9,853</b>	<b>1.8%</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,305,945</b>	<b>100.0%</b>	<b>1,984,658</b>	<b>100.0%</b>	<b>321,287</b>	<b>16.2%</b>

Financial Ratios	As at 31 March 2022	
<b><u>Liquidity Ratio</u></b>		
Current Ratio	1.27	Times
<b><u>Profitability Ratio</u></b>		
Gross Profit Margin	81.81	%
Net Profit Margin	25.83	%
Return on Equity or ROE	2.62	%
<b><u>Efficiency Ratio</u></b>		
Return on Asset or ROA	0.62	%
<b><u>Financial Ratio</u></b>		
Debt to Asset Ratio	0.76	Times
Debt to Equity	3.23	Times

#### **Financial Ratios**

All financial ratios on the above table, profitability ratios and leverage ratios were on acceptable ratios.

#### **Commitments and Contingent Liabilities**

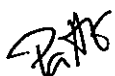
The Company has entered into lease agreements in respect of the lease of office building space and service agreements. The terms of the agreements are generally 2 years 5months. Future minimum lease payments required under these non-cancellable operating leases.

#### **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

*Handwritten initials/signature*