

11 November 2024

Subject: Management Discussion and Analysis Operating results for the nine month, ending September 30, 2024.

Attention: The President
The Stock Exchange of Thailand

AIRA Factoring Public Company Limited (“the Company”) would like to submit the Financial Statements ending September 30, 2024 which was reviewed by auditor and Management Discussion and Analysis Review to be compared operating results between the nine-month period ended 30 September 2024 and 2023 together with the Company’s financial status compared between ending Third quarter as at September 30, 2024 and ending September 30, 2023 as follows:

Financial Performance Explanation and Analysis

● **Thai economy and operating effect**

In quarter 3 ,2024 The Thai economy is expected to continue expand by tourism sector and private consumption, which have received additional support from economic stimulus measures, including improved export. However there are still some uncertain, while the inflation rate will gradually return to the target in the end of 2024 and the policy interest rate decreased but 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, 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 nine-month period ended 30 September 2024 and 2023, interest income from factoring were 132.15 million Baht and 130.39 million Baht or equivalent to 68.8% and 73.5% of total revenues respectively. Fees and services income were 35.10 million Baht and 37.23 million or 18.3% and 21.0% respectively. Interest received from loans amounted to 24.38 million Baht and 8.19 million Baht or 12.7% and 4.6% respectively. Total revenues were 192.00 million Baht and 177.35 million Baht respectively. Finance costs were 61.68 million Baht and 44.92 million Baht or 32.1% and 25.3% respectively. The Company’s gross profits were 131.78 million Baht and 131.30 million Baht or 68.77% and 74.68% respectively.



The nine-month period ended 30 September 2024 and 2023, the Company's administrative expenses were 87.26 million Baht and 88.27 million Baht or 45.4% and 49.8% of total revenues. Provision for doubtful account was 24.62 million Baht and 27.23 million Baht respectively or 12.8% and 15.4% of total revenues. The Company have decreased 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 nine-month of 2024 and 2023 were 15.16 million Baht and 13.77 million Baht respectively.

Financial Status as at 30 September 2024

The Company's total assets as at September 30, 2024 were 2,496.13 million Baht which increased by 443.11 million Baht or 21.6% compared to as at September 30, 2023.

Current assets as at September 30, 2024 were 2,323.23 million Baht which increased by 381.32 million Baht or 19.6% compared to as at September 30, 2023. Largest proportion was Factoring Receivables as at September 30, 2024 were 1,814.33 million Baht or equivalent to 72.7% of total assets.

Non-current assets as at September 30, 2024 were 172.90 million Baht or equivalent to 6.9% of total assets which increased 61.80 million Baht.

Total liabilities as at September 30, 2024 were 1,980.53 million Baht or equivalent to 79.3% of total liabilities and shareholders' equity which increased 466.91 million Baht or 30.8% compared to as at September 30, 2023 as a result of loan from financial institutions and excess receipt awaiting to repay by the debtor payment for account receivable at the end of period. Including increased from liabilities under finance lease.

Liquidity and Capital Adequacy

As at September 30, 2024, shareholder s' equity was 515.60 million Baht or equivalent to 20.7% of total liabilities which decreased by 23.80 million Baht or equivalent to (4.4%) from the same period last year.

As at September 30, 2024, the Company had current ratio 1.21 and debt to equity 3.84 with an available credit facilities which had not yet been drawn down amounted to 935 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 1.21 reflecting good liquidity, Also net profit margin of 7.89%, Return on equity 2.94% and debt to equity 3.84.

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 1 years 6 months.

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

