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February 24, 2021

Subject : Management's Discussion and Analysis of AIRA Capital Plc. and its subsidiaries
Operating Results for year ended December 31, 2020

To : The President
The Stock Exchange of Thailand

Operating results for the year ended December 31, 2020 compared with the previous year

Despite impact from the Coronavirus disease 2019 that affected Thailand's economy and business operation, the Company and its subsidiaries have managed to maintain revenues growth for the group. For the year 2020, the Company reported total revenues of Baht 170 Million and profit of Baht 105 Million in the separate statement of income. Majority of income came from dividend income from subsidiaries of Baht 75 Million and gain on selling investment of Baht 85 Million in December 2020. The Company has sold some portion of shares in AIRA Leasing Public Company Limited to NEC Capital Solution Limited, a company listed in Tokyo Stock Exchange, to form a business alliance.

Such shares sale transaction was recognized as a part of "Gain on investments and dividend" in the separate statement of income. However, to comply with TFRS 10 (Amended 2018) Consolidated Financial Statements, such gain is not presented in the consolidate statement of income as following the transaction the Company still has a control over AIRA Leasing Public Company Limited with 71.85 percent shareholding.

For consolidated financial results of 2020, the Company and its subsidiaries reported total revenues of Baht 1,014 Million, a 29% increase YoY, which resulted in an improvement in its operating results. The income is growing continuously as planned.

For a subsidiary in the Property development business, the office building has started its operation in February 2020. Despite an impact from the Coronavirus disease 2019, a subsidiary has managed to acquire numbers of lessees with acceptable occupancy rate and generate rental and service income of Baht 79 Million for the year 2020. In addition, the full depreciation and amortization along with finance cost has just been recognized as expenses in the year 2020. The investment property (Spring Tower) at cost is Baht 1,962 Million.

Details of revenues reported in the consolidated statement for the year 2020 are summarized as follows;

- Brokerage fees income, gain on investments and dividend, and interest income which are major income from Security business were Baht 555 Million, increased 42% YoY. Such increase was due to an increase in trading volume of both current customers and new customers in equity market, derivatives market, and global market.
- Fees and services income and interest income from factoring totaling Baht 227 Million, decreased 7% YoY due to a decrease in purchase volume as customers of a factoring business in several industries were impacted by Coronavirus disease 2019.
- Interest income on hire purchase and finance leases of Baht 78 Million, which are major revenues from Leasing business, increased 3% YoY despite impact from Coronavirus disease 2019 to a subsidiary's customers who operates in Toursim and Logistic industries. The Company is able to maintain its receivables port size and risk at the appropriate level.
- Rental and service income Baht 124 Million comprised of Baht 45 Million operating lease income from Leasing business and Baht 79 Million rental and service income from Property development business, increased 159% YoY. Such increase resulted from rental and service income of the Property development business as an operation just started at the beginning of 2020.


For expenses for the year 2020, the Company and its subsidiaries reported total operating expenses (including finance costs but before share of loss from investments in associates and income tax) at Baht 1,043 Million, a 24% increase YoY. Details of major changes in expenses are as follows.

- An increase in Depreciation and amortization and Finance costs due to the completion of development of Investment property (Office building for rent – Spring Tower) at the end of 2019. Once the development of Investment property was completed and available to use, a subsidiary transferred entire of leasehold and cost of project under development to be Investment property and then start recognising depreciation and amortization of Baht 65 Million and finance costs incurred after completion of Baht 34 Million as expenses.
- An increase in Fees and services expenses cause by an increase in fees paid to Stock Exchange of Thailand (SET), Thailand Future Exchange (TFEX), and The Thailand Clearing House (TCH) totalling Baht 37 Million, which was in line with an increase in Trade volume of Securities business. In addition, there were services fees incurred related to an operation of office building (Spring Tower) that started its operation at the beginning of 2020.

Share of loss from investment in associates for the year 2020 was Baht 17 Million. Hence, the consolidated financial statements of the Company and its subsidiaries reported net loss for the year 2020 of Baht 77 Million, as mostly a consequence of the Coronavirus disease 2019 pandemic.

Yours sincerely

AIRA Capital Plc.



(Mr. Suttiporn Tanthikul)

Managing Director