



AMANAHA

MANAGEMENT DISCUSSION and ANALYSIS

for Quarter 3 year 2021 Ended September 30,2021



Management Discussion and Analysis

1. Over View

The Covid-19 pandemic situation in Q3 2021 was severe and spread wider rapidly. The number of infections went up to 20,000 a day. The government enforced tightening measure in 29 provinces classified as the red zones. This measure clearly caused a great impact to the economy. However, as of now, the number of infections had declined to the range of 10,000 a day. The number of vaccinated persons had accelerated increase. The government had relaxed the measure gradually, creating expectation of going back to normal business activities in Q4 2021.

As for the new lending for the first 9 months of 2021, the company had approved 908 MB of new loan, an increase of 105 MB, comparing to the first 9 months of 2020, 13% increase (9 months of 2020's new loan was 803 MB). As for the NPF, as of Q3 2021 the NPF stood at 3.95%, 0,46% increase from the previous quarter (Q2 2021's NPF was 3.49%). The NPF figure was still below 4% . Currently, the company only offered debt restructuring to the customers who were in needed, instead of debt repayment suspension (done in Q2 2020). Due to the struggle economy under severe Covid 19 pandemic situation, the debt repayment ability of the some affected customers had declined. The received repayment from the customers were only according to their repayment ability only. As of now, the Covid-19 situation had improved, most of the lock-down measures had been lifted-off, the company was optimistic that the customers' repayment ability would go back to normal.

As for the operating result of Q3 2021, the company produced a profit of 70.71 MB, 9.88 MB lower than the previous quarter (QoQ) , 12.26% lower. This resulted from the Covid-19 pandemic situation which was severe in Q3 2021. The company had to be careful in approving the new loan. The new lending was below the expectation. At the same time, the repayment ability of the customers became less. The situation had interrupted the activities in the finance sector. However, the situation was only temporarily. As of now, the situation had improved. The company expected the economy would be back to normal in Q4 2021, providing the opportunity to conduct normal level of businesses in terms of both new lending and debt collection.

When comparing to the same period of the previous year (YoY), the company's net profit of Q2 2021 had declined by 4.92 MB, 6.51% decrease. However, considering the first 9 months' operating result (from January to September 2021), the company had produced a net profit of 230.60 MB, 16.98 MB, 7.95% higher.

2. Operating result and Profitability

2.1 The company's operating result, ending 30 September 2021

(unit : Thousand Baht)

Continuing operations:	Q3/2021	Q2/2021	Q3/2020	QoQ	YoY	nine-month / 2021		nine-month / 2020		YoY	
						amount	%	amount	%	+ / -	%
Income from hire-purchase contracts	157,325	160,300	156,274	-1.86%	0.67%	475,359	81.50%	470,829	80.66%	4,530	0.96%
Income from inventory finance receivables	858	1,096	855	-21.67%	0.39%	2,934	0.50%	2,471	0.42%	463	18.75%
Fee and service income	8,318	9,134	11,357	-8.94%	-26.76%	26,115	4.48%	30,991	5.31%	(4,876)	-15.73%
Other income	29,832	26,527	31,378	12.46%	-4.93%	78,847	13.52%	79,465	13.61%	(618)	-0.78%
Total income	196,333	197,057	199,864	-0.37%	-1.77%	583,255	100.00%	583,756	100.00%	(501)	-0.09%
Selling expenses	729	497	708	46.73%	2.97%	1,759	0.30%	2,138	0.37%	(379)	-17.73%
Administrative expenses	66,695	63,781	62,220	4.57%	7.19%	195,683	33.55%	189,716	32.50%	5,967	3.14%
Expected credit losses (Bad debt and doubtful accounts)	19,933	15,748	32,138	26.57%	-37.98%	53,420	9.16%	74,684	12.79%	(21,264)	-28.47%
Impairment loss and loss on sales of properties foreclosed	4,135	3,300	(2,257)	25.29%	n.m.	12,690	2.18%	19,075	3.27%	(6,384)	-33.47%
Finance costs	18,336	18,790	21,153	-2.41%	-13.31%	56,226	9.64%	63,070	10.80%	(6,844)	-10.85%
Total expenses	109,828	102,116	113,962	7.55%	-3.63%	319,778	54.83%	348,683	59.73%	(28,905)	-8.29%
Profit (loss) before income tax expenses	86,505	94,941	85,902	0.70%	0.70%	263,477	45.17%	235,073	40.27%	28,404	12.08%
Income tax (expenses)	15,799	14,356	10,271	10.05%	53.82%	32,876	5.64%	21,455	3.68%	11,421	53.23%
Profit (loss) for the period	70,706	80,585	75,631	-12.26%	-6.51%	230,601	39.54%	213,618	36.59%	16,983	7.95%

The operating result of Q3 2021 compared to the same period of 2020 (YoY)

In Q3 2021, The company produced a net profit of 70.71 MB, 4.92 MB lower comparing to the net profit Q3 2020, 6.51% decrease (Q3 2020's net profit was 75.63 MB) . However,

considering the profit before tax, the profit before tax of Q3 2021 was 86.51 MB, 0.60 MB higher, comparing to the profit before tax of Q3 2020, 0.70% higher. The factors that contributed to the lower net profit was a decrease in 2 types of revenues. One was the fees and services revenue which had declined by 3.04 MB, 26.76% decline, (from 11.36 MB to 8.32 MB), resulting from lower business activities in Q3 2021, comparing to business activities in Q3 2020. The second one was the other revenue, mainly from the recovery of judicial debt, was 1.55 MB lower, 4.93% lower (from 31.38 MB to 29.83 MB).

AS for the total expenses, the company's total expenses had declined by 4.14 MB, 3.63% decline. The major decline was the expected credit loss or reserve for possible loan loss which had declined by 12.21 MB, 37.98% decline. This resulted from the better collection ability together with the speedy debt restructuring program. In addition, the finance cost had declined by 2.82 MB, 13.31 % decline, resulting from utilizing the soft loan from the Government Savings Bank.

As for the operating result of Q3 2021 compared to the operating result of Q2 2021 (QoQ), the company's total revenue had declined slightly by 0.72 MB, a decline from 197.06 MB from the previous quarter to 196.33 MB in Q3 2021, 0.37% decrease. The major items contributed to the decrease was a slight decrease in revenue from hire-purchase which had declined by 2.97 MB, 1.86% decline. This decline resulted from the cease of revenue recognition of some customers which were uncollectable. However, the other revenues had increased by 3.31 MB, 12.46% increase, mostly was from the recovery of judicial debt.

As for the total expenses, the company total expenses had increased by 7.55% , comparing to the previous quarter (increase from 102.12 to 109.83 MB). The major increase was the expected credit loss or reserve for possible loan loss which had increased by 4.19 MB, 26.57% increase, resulting from the severe Covid-19 pandemic situation, reducing the repayment ability of the customers comparing to the previous quarter. The impairment losses and losses on sales of properties had increased by 0.84 MB, 25.29% increase. The administrative expenses had increase by 2.91 MB, 4.57% increase, mainly were from the personal expenses and the collection (legal) expense.

Summary of operating result of Q3 2021.

In Q3 2021, the company produced a net profit of 70.71 MB, a decline of 9.88 MB, 12.26% decline, from the previous quarter and decline of 4.92 MB, 6.51% decline, comparing to the same period of last year. Considering for the first 9 months (January to September 2021, the company's net profit was 230.60 MB, 16.98 MB or 7.95% increase, comparing to the same period of the previous year. As for the decline in net profit of Q3 2021 from the previous quarter, the major factor was a result from the severe covid-19 pandemic situation in Q3 2021. The situation was pronounced and widely impacted to the industry in general. However, presently, the situation became better. The government had relaxed the tightening measure and the opening of the country had already begun. The situation became optimistic. The company expected all the business activities would be back to normal in Q4 2021. This would produce a lift-off of the barrier for conducting new lending and collection activity.

2.2 Financial position in Q3 2021.

(unit : Million Baht)

Statements of financial position	Q3/2021	Q2/2021	QOQ	Q2/2020	YOY
Cash and cash equivalents	149.25	81.83	82.39%	80.69	84.97%
Hire-purchase receivables	3,309.07	3,329.34	-0.61%	3,272.24	1.13%
Inventory finance receivables	22.25	27.30	-18.50%	10.08	120.73%
Properties and equipment	26.52	26.03	1.88%	27.43	-3.32%
Properties foreclosed	71.97	64.11	12.26%	65.94	9.14%
Deferred tax assets	36.27	39.79	-8.85%	39.68	-8.59%
Others	80.25	84.29	-4.79%	77.93	2.98%
Total assets	3,695.58	3,652.69	1.17%	3,573.99	3.40%
Short-term loan from major shareholder	1,924.66	1,958.28	-1.72%	2,083.44	-7.62%
Others	121.55	115.75	5.01%	94.38	28.79%
Total liabilities	2,046.21	2,074.03	-1.34%	2,177.82	-6.04%
Shareholders' equity	1,649.37	1,578.66	4.48%	1,396.17	18.14%
Financial Ratio	Q3/2021	Q2/2021	Q2/2020		
Liquidity Ratio (multiple)	0.78	0.74	0.56		
Debt to Equity Ratio (multiple)	1.24	1.31	1.56		
NPF (%)	3.95%	3.49%	2.71%		

In Q3 2021, the company's total asset was 3,695,58 MB, 42.89 MB increase from previous quarter (1.17% increase). Comparing to the same period of 2020, the company's total asset of Q3 2021 had increased by 121.59 MB, 3.40% increase. The major increase in total assets resulted from the increase in cash balance of 67.42 MB, 82.39% increase. In Q3 2021, the company held more cash balance to reserve more liquidity, preparing for the improvement new lending in Q4 2021. The assets foreclosed had increased by 7.86 MB (12.26% increase). This increase resulted from the speedy seizure of automobiles to reduce the NPF. The item that declined from the previous quarter was the inventory finance portfolio had decreased by 5.05 MB, 18.50% decline, the hire-purchase receivable, 20.27 MB, 0.61 % decline. The decline partly was a result from more seizure of automobiles from NPF customers, resulting to a conversion of the receivable into assets foreclosed.

As for the liabilities, in Q3 2021 the company had the total liabilities of 2,046 MB, 27.82 MB, 1.34% decline from the previous quarter. Comparing to the same period of 2020, the company's total liabilities of Q3 2021 had declined by 131.61 MB, 6.04% decline. The major liabilities were the loan from financial institutions. As of 30 September 2021, the company had total borrowing from financial institutions of 1,924.66 MB, consisting of 1,370 MB short-term loan from Islamic Bank of Thailand, and 554.66 MB of term-loan from Islamic Bank of Thailand and Government Savings Bank.

As for the shareholder's equity, in Q3 2021 the company had the total equity of 1,649.37 MB, 70.71 MB, 4.48% increase from the previous quarter. Comparing to the same period of previous year (2020), the company's total equity of Q3 2021 had increased by 253.20 MB, 18.14% increase. At Q3 2021, the company's debt to equity ratio stood at 1.24 times, comparing to 1.3 times in the previous quarter. The decline in debt to equity ratio resulted from the more profit retained. Meanwhile, the term-loan from the Islamic Bank of Thailand had been paying -back monthly.