

# Management Discussion and Analysis

For Quarter 1 year 2022 Ended March 31, 2022



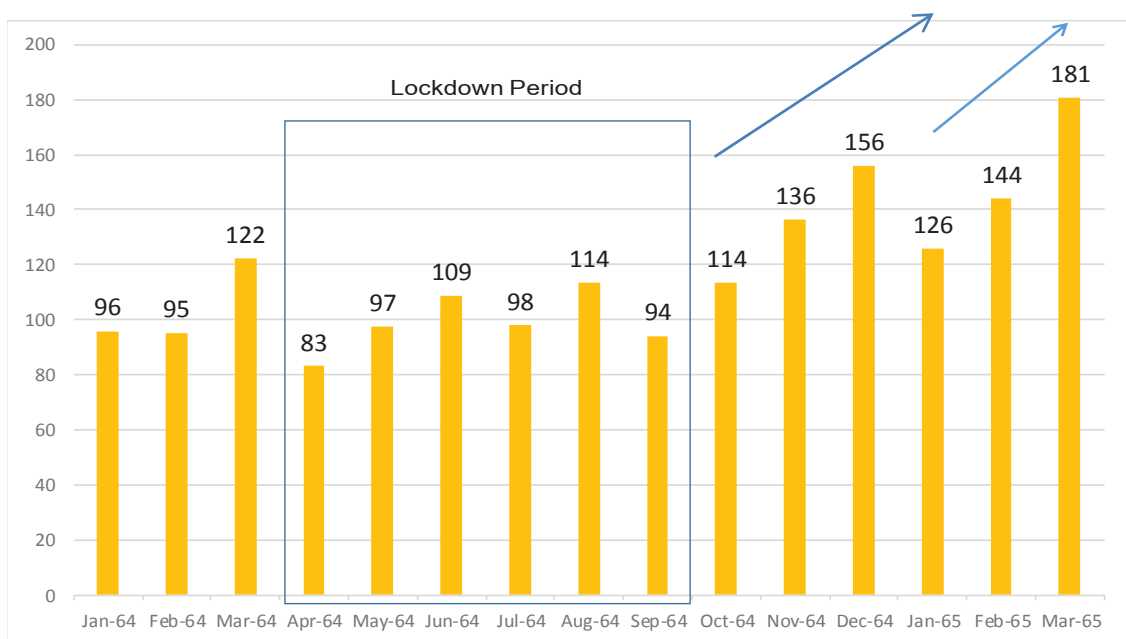
## Management Discussion and Analysis

### 1. Over View

In Q1 2022, the overall economy appeared to have improved, despite the severe Covid-19 situation. However, the impact from the pandemic seemed to be contained, due to the increasing numbers of people who received the vaccines. Importantly, the government had lifted-off the lockdown measure. The enforcement of TEST & GO measure for the foreign visitors was also lifted-off. The arrival visitors were not required to receive the RT-PCR test, starting on 1 May 2022. The relaxation of these measures had produced the great improvement in economic activities. The economy had improved gradually. The improved economy had produced a great positive result to the company's business. The company's business had already improved since the Q4 of 2021 to until now. Even though, normally, the first quarter of each year had been the low lending season.

As for the business result of Q1 2022, the company had returned to achieve the new lending target. The company's business had shown a pronounced improvement since Q4 2021, and the Q1 2022 was even better. The company generated a new lending of 450 MB in Q1 2022, the increase of 44 MB from the Q4 2021's, 10.84% increase. Compared to the new lending of Q1 2021, the new lending of Q1 2022 was higher by 137 MB, 43.77% increase.

The company's new Lending from January 2021 to March 2022 in Comparison.



The above graph illustrates the company's monthly new lending between January 2021 and March 2022. From the graph, the new lending obviously had improved since the beginning of Q4 2021 as a result of the lifting-off of the lock-down measure together with the relaxation of various measures by the government. The company generated the new lending of 406 MB in Q1 2021. In this 406 MB, 156 MB was the December's new lending. Moreover, the new lending continued to grow more in Q1 2022. In the month of March 2022 alone, the new lending was 181 MB. This figure was the highest monthly figure since the start of ATM lending.

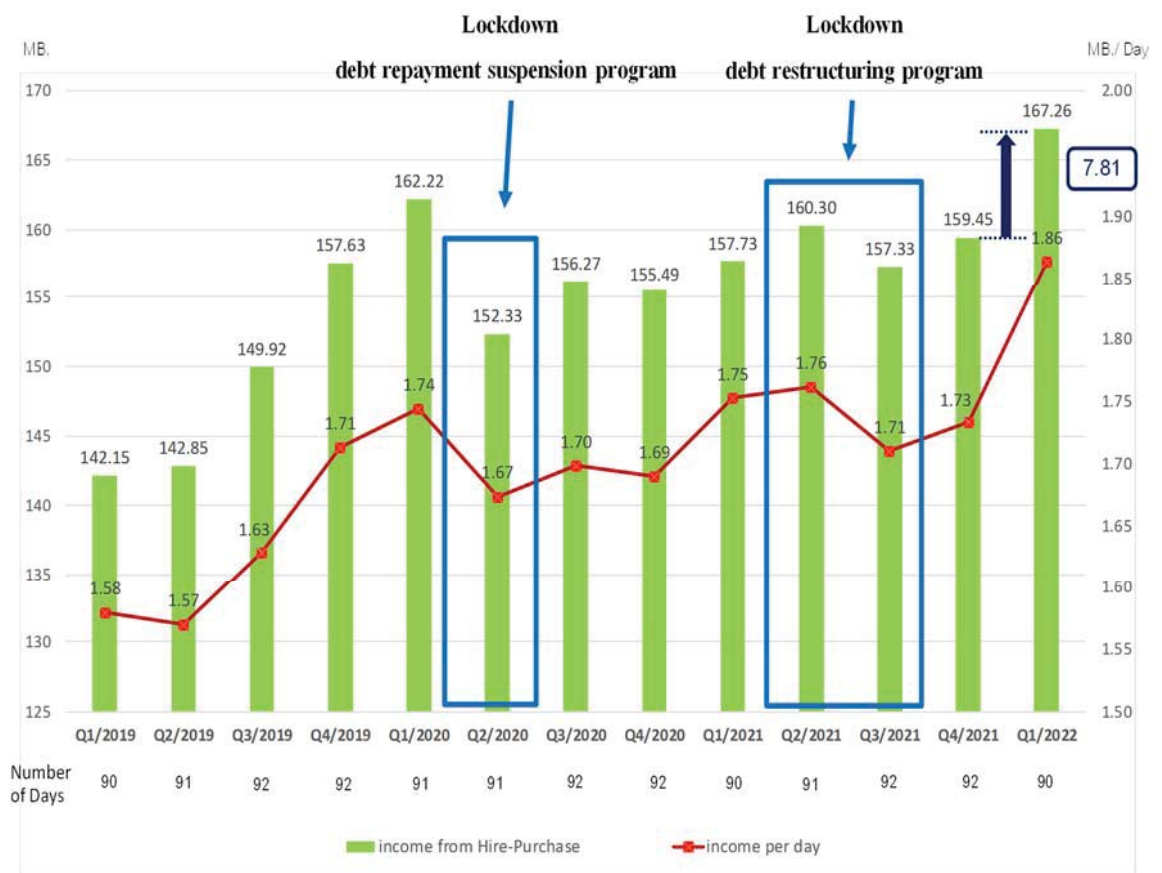
As for the quality of the company's loan portfolio, the NPF in Q1 2022 was 3.47%. This NPF figure was still lower than 4% figure which was considered to be relatively low. This NPF figure resulted from active debt monitoring and collection activities by the debt collection department together with the debt restructuring program. The debt restructuring program is still in operation.

As for the Q1 2022's operating result, the company produced a net profit of 74.76 MB. This net profit was slightly lower than the net profit of the previous quarter by 1.80 MB, 2.35% lower. However, considering the company's profit before tax of Q1 2022, the company's **profit before tax** of q1 2022 was **90.36 MB**. This profit before tax figure was **higher** than the profit before tax of Q4 2021 by 0.81 MB, 0.90 % higher. The major factor that caused the company's net profit in Q1 2022 to be lower than the net profit of Q4 2022 was the increase in administrative expense by 14.51 MB, 20.04% increase. The increase in administrative expenses were from the increase in personal expense, and the increase in debt collection expense. The increase in personal expense was due to the expense associated to the opening of 3 new branches. The increase in collection expense was due to the increase in expense paid to the company's out-source debt collectors resulting from the enforcement of maximum late fees and collection that could be charged by the non-bank institutions. In addition, in Q1 2022, the company's corporate tax expense had increased by 2.61 MB from the previous quarter. The increase in tax expense in Q1 2022 was due to no tax saving from debt-loss written off. The company did not write-off any debt loss in Q1 2022.

However, considering the revenue from hire-purchase, the company's revenue from hire-purchase in Q1 2022 had **increased** significantly by **7.82 MB** from the previous quarter (from 159.45

MB in Q4 2021 to 167.26 MB in Q1 2022). In addition, considering the high-purchase revenue per day, the high-purchase revenue per day had increased from 1.73 MB per day in Q1 2021 to 1.86 MB per day in Q1 2022. The increase in revenue from high-purchase mainly resulted from the a pronounced increase in new lending in Q1 2022, even though the number of calendar days in Q1 2022 was less than the number of calendar days in Q4 by 2 days (the revenue from high-purchase was booked daily according to the number of calendar days of each month).

Quarterly High-Purchase Revenue and Average revenue Per Day by Quarter



## 2. Operating result and Profitability

### 2.1 The company's operating result ending 31 March 2565

unit in thousand baht

Continuing operations:	Q1/2022	Q4/2021	Q1/2021	QoQ	YoY
Income from hire-purchase contracts	167,263	159,445	157,734	4.90%	6.04%
Income from inventory finance receivables	590	706	980	-16.49%	-39.82%
Fee and service income	16,999	17,475	8,663	-2.73%	96.23%
Other income	29,334	30,268	22,488	-3.09%	30.44%
<b>Total income</b>	<b>214,186</b>	<b>207,895</b>	<b>189,865</b>	<b>3.03%</b>	<b>12.81%</b>
Selling expenses	1,000	1,040	533	-3.91%	87.63%
Administrative expenses	86,921	72,407	65,207	20.04%	33.30%
Expected credit losses (Bad debt and doubtful accounts)	22,446	29,776	17,739	-24.62%	26.53%
Impairment loss and loss on sales of properties foreclosed	(3,597)	(2,856)	5,255	n.m.	-168.45%
Finance costs	17,060	17,979	19,100	-5.11%	-10.68%
<b>Total expenses</b>	<b>123,830</b>	<b>118,346</b>	<b>107,834</b>	<b>4.63%</b>	<b>14.83%</b>
<b>Profit (loss) before income tax expenses</b>	<b>90,356</b>	<b>89,549</b>	<b>82,031</b>	<b>0.90%</b>	<b>10.15%</b>
Income tax (expenses)	15,596	12,986	2,721	20.09%	473.17%
<b>Profit (loss) for the period</b>	<b>74,760</b>	<b>76,562</b>	<b>79,310</b>	<b>-2.35%</b>	<b>-5.74%</b>

#### Q1 2022's Operating Result Compared to Q1 2021's Operating Result (YoY)

In Q1 2022, the company produced a net profit of 74.76 MB, a decrease by 4.55 MB from the same period of the previous year (Q1 2021), 5.74% decrease (Q1 2021's net profit was 79.31 MB). However, considering the profit before tax, the company's profit before tax of q1 2022 was 90.36 MB, higher than the profit before tax of q1 2021 by 8.33 MB, 10.15% increase. The major factors that contributed to lower net profit in Q1 2022 compared to Q1 2021's was the increase in administrative expense. The administrative expense increased by 21.71 MB, 33.30% increase. The reasons for the increase in the administrative expense were mainly from the increase in personal expense, and the

increase in debt collection expense. The increase in personal expense resulted mainly from the expensed associated to the opening of the 3 new branches. The increase debt collection expenses resulted mainly from the enforcement of the regulation regarding the maximum late fees and collection charges that could be charged by the non-bank institutions. In addition, the expected credit loss expense in Q1 2022 was higher than Q1 2021's by 4.71 MB (increase from 17.74 MB in Q1 2021 to 22.45 MB in Q1 2022), 26.53% increase. The increase in expected credit loss expense resulted from the Omicron-Covid situation, causing the repayment-ability of the customers in Q1 2022 was less than the repayment-ability of the customers in Q1 2021. In Q1 2022, some of the expenses to be lower comparing to the Q1 2021's. The first decrease was the impairment loss and loss on sales of property foreclosed. The impairment loss and loss on sales of property foreclosed in Q1 2022 was lower than the Q1 2021's by 8.85 MB, 168.45% lower (from loss of 5.26 MB in Q1 2021 to profit of 3.60 in Q1 2022). This resulted from the big improvement in price of used-car in the auction market. The second decrease was the finance cost. The company's finance cost in Q1 2022 was lower than the finance cost of Q1 2022 by 2.04 MB, 10.69% lower (from 19.10 MB in Q1 2021 to 17.06 MB in Q1 2022). The decrease corresponded to the amount of borrowing from financial institution of the particular quarters. As for the revenue, in Q1 2022, the company's total revenue had increased by 24.32 MB, 12.81% increase from the Q1 2021. The increase in total revenue was as a result from the increase in revenue from almost every type of revenue. The revenue from hire-purchase increased by 6.04% (from 157.73 MB in Q1 2021 to 167.26 MB in Q1 2022). This increase mainly resulted from a pronounced increase in new lending, started since Q4 2021 until now. (The company expects this trend will continue.) In addition, the fee and service income had increased by 8.34 MB, 96.23% increase (from 8.66 in Q1 2021 to 17.00 in Q1 2022). This increase mainly resulted from the increase in auto registration fee and auto insurance brokerage fee, corresponding the increase in new lending. The increase in other revenue resulted from the increase in revenue from the recovery of judicial debt, 6.85 MB or 30.44% increase (from 22.49 MB in Q1 2021 to 28.33 MB in Q1 2022).

#### The Q1 2022's Operating Result Compared to Q4 2021's Operating Result (QoQ)

The company's total revenue increased from 207.90 MB in Q4 2021 to 214.19 MB in Q1 2022, **6.29 MB, 3.03% increase**. The revenue from hire-purchased increased by 7.82 MB from the previous

quarter, 4.90 % increase (from 159.45 MB in Q4 2021 to 167.26 MB in Q1 2022). This increase resulted from the significant expansion of high-purchase portfolio. The company's loan portfolio increased from 3,352 MB in Q4 2021 to 3,486 MB in Q1 2022. However, fee and service income decreased slightly, 2.73%, and 3.09%, respectively, decrease. As for the total expense, the company's total expense increased by 5.04%, comparing to the previous quarter (from 118.35 MB to 123.83 MB). The major increase in total expense resulted from the increase administrative expenses, 14.51 MB, 20.04% increase from the previous quarter. The major increase in administrative expense resulted from the personal expense of the new 3 branches together with the increase in debt collection expense explained earlier. The expense which decreased from the previous quarter was the expected credit loss expense, 7.33 MB, 24.61% decrease (from 29.78 MB from the previous quarter to 22.45 MB in Q1 2022). The finance cost declined by 0.92 MB from the previous quarter, 5.11% decrease (from 17.98 MB to 17.06 MB). This decline resulted from the decline in borrowing from financial institutions.

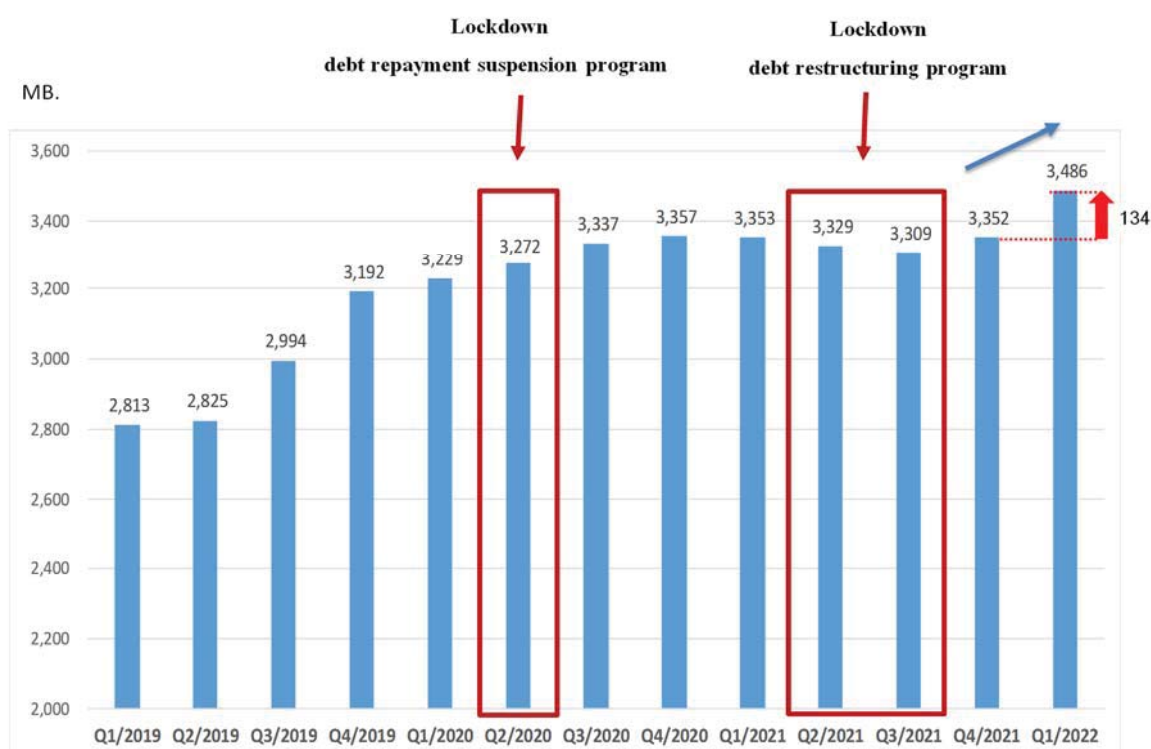
#### Financial Position of Q1 2022

(unit : Million Baht)

Statements of financial position	Q1/2022	Q4/2021	QoQ	Q1/2021	YoY
Cash and cash equivalents	76.95	201.90	-61.89%	137.71	-44.12%
Hire-purchase receivables	3,485.87	3,351.74	4.00%	3,353.40	3.95%
Inventory finance receivables	29.29	26.16	11.99%	35.56	-17.63%
Properties and equipment	26.70	26.07	2.45%	26.47	0.87%
Properties foreclosed	88.39	91.14	-3.02%	60.65	45.74%
Deferred tax assets	39.61	36.67	8.03%	47.51	-16.63%
Others	42.70	47.45	-10.00%	88.01	-51.48%
<b>Total assets</b>	<b>3,789.52</b>	<b>3,781.12</b>	<b>0.22%</b>	<b>3,749.31</b>	<b>1.07%</b>
Short-term loan from major sharehc	1,821.29	1,902.03	-4.24%	1,991.60	-8.55%
Others	169.92	155.55	9.24%	130.43	30.28%
<b>Total liabilities</b>	<b>1,991.22</b>	<b>2,057.58</b>	<b>-3.23%</b>	<b>2,122.03</b>	<b>-6.16%</b>
<b>Shareholders' equity</b>	<b>1,798.30</b>	<b>1,723.54</b>	<b>4.34%</b>	<b>1,627.29</b>	<b>10.51%</b>
Financial Ratio	Q1/2022	Q4/2021	Q1/2021		
Liquidity Ratio (multiple)	0.53	0.56	0.77		
Debt to Equity Ratio (multiple)	1.11	1.19	1.30		
NPF (%)	3.47%	3.47%	3.92%		

In Q1 2022, the company had a total assets of 3,789.52 MB, 8.40 MB increase from the previous quarter, 0.22% increase. Comparing to the same quarter of the previous year, the company's total asset had increased 40.21 MB, 1.07% increase. The major increase in total assets from the previous quarter resulted from the increase in loan portfolio. The new lending increased by 134.13 MB, 4.00%, from the previous quarter. The details are as presented in the graph below.

A Graph Illustrated the Quarterly Loan Portfolio from Q1 2021 to Q1 2022



The item in total assets that decreased were the cash and cash equivalents which decreased by 124.95 MB, 61.89% decrease. This decrease resulted from adjustment of cash holding, according to the company's liquidity management, to reduce to finance cost. The asset foreclosed declined by 2.75 MB, 3.02% from the previous quarter. The decline resulted from the company's speeding sale of asset foreclosed through the used-car auction market due to the improvement of price in the market.

As for the liabilities, in Q1 2022, the company's the total liabilities was 1,991.22 MB, 66.36 MB, 3.23% decrease from the previous quarter. The major decrease resulted from the decrease in borrowing from financial institutions. As of 31 March 2022, the borrowing from financial-institution was 1,821.29 MB., composed of 1,330 MB, and 164.29 MB, of PN, and term-loan, respectively, from the



Islamic Bank of Thailand, 322 MB of term loan from the Government Saving Bank, and 5.0 MB of PN loan from one commercial bank.

As for the total equity, in Q1 2022, the company's total equity was 1,798.30 MB, 74.76 MB, 4.34% increase from the previous quarter. Comparing to the same quarter of the previous year, (Q1 2021), the company's total equity increased by 171.01 MB, 10.51% increase. This increase resulted from the increase in retained-earning. The company's debt/equity ratio declined from 1.19 times from the previous quarter to 1.11 times in Q1 2022. This resulted from the increase in equity, resulting from the increase in retained-earning.