



No. NCAP-ACC-2022-03

Next Capital Public Company Limited
163 Thai Samut Building, 15th floor,
Surawongse road, Suriyawongse, Bangrak,
Bangkok 10500

August 9, 2022

Subject Management Discussion and Analysis for the 3-month and 6-month ended June 30, 2022

To President
The Stock Exchange of Thailand

Next Capital Public Company Limited and its subsidiary ("The Company") have informed the operating result for the 3-month and 6-month ended June 30, 2022 as follows:

For operating result for the 3-month ended June 30, 2022, Profit owners of the parent was 13.08 million baht compared to net profit of 74.67 million baht in the same period of the previous year. It decreased by 61.59 million baht or equaled to a decrease rate of 82.48%. The detail is as follows:

(Unit : Million baht)

Statement of Comprehensive Income (Consolidated)	For the 3-month ended		Changes	
	Jun 30, 2022	Jun 30, 2021	Amount	Percentage
Revenue				
Interest income from hire-purchase	391.42	245.90	145.52	59.18
Fee and service income	48.41	30.02	18.39	61.26
Other income	49.64	49.01	0.63	1.29
Total revenue	489.47	324.93	164.54	50.64
Expenses				
Selling and administrative expenses	187.46	122.90	64.56	52.53
Expected credit loss	241.24	86.52	154.72	178.83
(Gain) Loss on disposals and diminution in value of foreclosed assets	(0.20)	0.08	(0.28)	(350.00)
Finance costs	43.96	22.96	21.00	91.46
Total expenses	472.46	232.46	240.00	103.24
Profit before income tax expense	17.01	92.47	(75.46)	(81.60)
Income tax expense	(3.93)	(17.80)	13.87	(77.92)
Profit for the period	13.08	74.67	(61.59)	(82.48)
Profit owners of the parent	13.08	74.67	(61.59)	(82.48)
Basic earnings per share (Baht per share)	0.01	0.08	(0.07)	(87.50)

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1. Revenue for the 3-month ended June 30, 2022 was 489.47 million baht compared to revenue of 324.93 million baht in the same period of the previous year. It increased by 164.54 million baht or equaled to a growth rate of 50.64%. This resulted from the recognition of interest income from hire-purchase amounting to 391.42 million baht which increased by 145.52 million baht or equaled to a growth rate of 59.18% compared to the same period of the previous year. It resulted from an increase in new hire-purchase contracts that effected to fee and service income increased in the same direction.

2. Total expenses for the 3-month ended June 30, 2022 was 472.46 million baht compared to expenses of 232.46 million baht in the same period of the previous year. It increased by 240.00 million baht or equaled to a growth rate of 103.24%. It mainly resulted from expected credit losses amounting to 241.24 million baht was increased by 154.72 million baht or equaled to a 178.83%. It resulted from increases in new hire-purchase contracts and overdue ratio compared to the same period of the previous year. Moreover, selling and administrative expenses amounting to 187.46 million baht which increased by 64.56 million bath or equaled to a growth rate of 52.53%. The main reasons were increases in the number of employee and compensation and collection fees paid to outsource companies. In addition, finance costs amounting to 43.96 million bath was increased by 21.00 million baht or equaled to 91.46% compared to the same period of the previous year. It resulted from an increase in borrowings in accordance with the Company's business expansion.

For operating result for the 6-month ended June 30, 2022, Profit owners of the parent was 78.30 million baht compared to net profit of 149.43 million baht in the same period of the previous year. It decreased by 71.13 million baht or equaled to a decrease rate of 47.60%. The detail is as follows:

(Unit : Million baht)

Statement of Comprehensive Income (Consolidated)	For the 6-month ended		Changes	
	Jun 30, 2022	Jun 30, 2021	Amount	Percentage
Revenue				
Interest income from hire-purchase	735.85	474.59	261.26	55.05
Fee and service income	100.77	59.87	40.90	68.31
Other income	107.31	101.59	5.72	5.63
Total revenue	943.93	636.05	307.88	48.40
Expenses				
Selling and administrative expenses	365.73	242.79	122.94	50.64
Expected credit loss	398.51	160.42	238.09	148.42
(Gain) Loss on disposals and diminution in value of foreclosed assets	1.28	(0.22)	1.50	(681.82)
Finance costs	79.36	46.54	32.82	70.52
Total expenses	844.88	449.53	395.35	87.95
Profit before income tax expense	99.05	186.52	(87.47)	(46.90)
Income tax expense	(20.80)	(37.09)	16.29	(43.92)
Profit for the period	78.25	149.43	(71.18)	(47.63)
Profit owners of the parent	78.30	149.43	(71.13)	(47.60)
Basic earnings per share (Baht per share)	0.08	0.17	(0.09)	(52.94)

1. Revenue for the 6-month ended June 30, 2022 was 943.93 million baht compared to revenue of 636.05 million baht in the same period of the previous year. It increased by 307.88 million baht or equaled to a growth rate of 48.40%. This resulted from the recognition of interest income from hire-purchase amounting to 735.85 million baht which increased by 261.26 million baht or equaled to a growth rate of 55.05% compared to the same period of the previous year. It resulted from an increase in new hire-purchase contracts that effected to fee and service income increased in the same direction.

2. Total expenses for the 6-month ended June 30, 2022 was 844.88 million baht compared to expenses of 449.53 million baht in the same period of the previous year. It increased by 395.35 million baht or equaled to a growth rate of 87.95%. It mainly resulted from expected credit losses amounting to 398.51 million baht was increased by 238.09 million baht or equaled to 148.42%. It resulted from increases in new hire-purchase contracts and overdue ratio compared to the same period of the previous year. Moreover, selling and administrative expenses amounting to 365.73 million baht which increased by 122.94 million bath or equaled to a growth rate of 50.64%. The main reasons were increases in the number of employee and compensation and collection fees paid to outsource companies. In addition, finance costs amounting to 79.36 million bath was increased by 32.82 million baht or equaled to 70.52% compared to the same period of the previous year. It resulted from an increase in borrowings in accordance with the Company's business expansion.

(Unit : Million baht)

Statement of financial position (Consolidated)	As of		Changes	
	Jun 30, 2022	Dec 31, 2021	Amount	Percentage
Assets	8,427.28	5,831.17	2,594.13	44.49
Liabilities	4,289.37	3,822.89	464.50	12.15
Equity	4,137.91	2,008.28	2,129.63	106.04
Debt to equity ratio	1.04	1.90	-	-

1. Total assets Total assets of the Company as of June 30, 2022 was 8,427.28 million baht which increased from the year ended 2021 by 2,594.13 million baht or equaled to a growth rate of 44.49%. The main reason was an increase of hire-purchase receivables. As of June 30, 2022, hire-purchase receivables increased by 1,840.02 million baht or equaled to 33.68% compared to the year ended 2021 which was in line with the Company's business expansion. Moreover, Cash and cash equivalents increased by 630.05 million baht or equaled to 839.65% compared to the year ended 2021. It resulted from the proceeds from the offering of newly issued ordinary shares to the existing company shareholders in proportion to their shareholdings amounting to 2,025.00 million baht. Whereas the Company used cash as working capital and repayments for borrowings.



2. Total liabilities Total liabilities of the Company as of June 30, 2022 was 4,289.37 million baht which increased from the year ended 2021 by 464.50 million baht or equaled to a growth rate of 12.15%. The main reason was long-term borrowings from financial institutions increased by 1,382.86 million baht since the Company had to manage liquidity in order to provide sufficient sources of funds in accordance with the Company's continuous business expansion. At the same time, the Company repaid short-term borrowings from financial institutions and related parties amounting to 485.00 and 300.00 million baht, respectively. As a result, the portion of current and non-current borrowings were 43.40% and 56.60% of total borrowings, respectively.

3. Equity Equity of the Company as of June 30, 2022 and December 31, 2021 were 4,137.91 million baht and 2,008.28 million baht, respectively. It increased by 2,129.63 million baht or equaled to a growth rate of 106.04%. It resulted from the Company issued ordinary shares amounting to 450 million shares and retained earnings increased in accordance with a growth of net profit.

4. Debt to Equity Ratio As of June 30, 2022 and December 31, 2021 debt to equity ratio of the Company was 1.04 times and 1.90 times, respectively. It resulted from an increase in equity.

Please be informed accordingly

Yours sincerely,

(Ms. Kruakao Yerabut)

Chief Financial Officer