

Mitsib 009/2565

August 9,2022

Subject : Management Discussion and Analysis for the six-month period ended June 30,2022

 To: Managing Director  
 The Stock Exchange of Thailand

## 1. Overview of Operations

The spread of the COVID-19 virus over the past two years has affected the country's tourism sector and the economy as a whole, but most recently in the 2<sup>nd</sup> quarter, the epidemic situation has begun to ease. The number of infected individuals were likely to continue to decline. As a result, the country's economic outlook, including domestic tourism, is beginning to recover. This is a good trend for Mitsib Leasing PCL's business operations in the future. ("The company").

From the previous situation that the company issued measures to assist debtors in the past has helped alleviate the burden of repayment for debtors who qualified for assistance, such as debt restructuring, refinancing and installment payment waiver. The company's waiver policy will gradually be reduced back to normal installments in the 3<sup>rd</sup> quarter and the 4<sup>th</sup> quarter.

## 2. Performance Analysis

The Company would like to clarify the overall operating results for the six-month period ended June 30, 2022 which are summarized as follows:

Statement of comprehensive income	2021	2022	Change	
	Thousand Baht	Thousand Baht	Thousand Baht	%
For the year ended June 30,2022				
<b>Revenue</b>				
Revenue from sales	173,436	90,577	(82,859)	(47.77)%
Finance income on the net investment in hire purchase contract	82,719	83,936	1,217	1.47%
Interest income on factoring	419	979	560	133.65%
Other income	21,363	35,503	14,140	66.19%
<b>Total Revenue</b>	<b>277,937</b>	<b>210,995</b>	<b>(66,942)</b>	<b>(24.09)%</b>
<b>Expenses</b>	-	-	-	0.00%
Cost of sales of goods	168,682	88,032	(80,650)	(47.81)%
Distribution costs	18,732	14,185	(4,547)	(24.27)%
Administrative expenses	65,847	77,043	11,196	17.00%
<b>Total expenses</b>	<b>253,261</b>	<b>179,260</b>	<b>(74,001)</b>	<b>(29.22)%</b>

Statement of comprehensive income	2021	2022	Change	
	Thousand Baht	Thousand Baht	Thousand Baht	%
For the year ended June 30,2022				
<b>Profit from operating activities</b>	<b>24,676</b>	<b>31,735</b>	<b>7,059</b>	<b>28.61%</b>
Loss arising from derecognition of receivable under hire purchase contracts	(1,237)	(8,061)	6,824	551.66%
Finance cost	(13,997)	(16,183)	2,186	15.62%
Gains and reversal (loss) of expected credit loss	(19,973)	(815)	(19,158)	(95.92)%
Share of loss of joint venture	(139)	(64)	(75)	(53.96)%
<b>Profit (Loss) before income tax expense</b>	<b>(10,670)</b>	<b>6,612</b>	<b>17,282</b>	<b>161.97%</b>
Tax expense	386	(1,133)	(1,519)	(393.52)%
<b>Profit (Loss) for the period</b>	<b>(10,284)</b>	<b>5,479</b>	<b>15,763</b>	<b>153.28%</b>
<b>Total comprehensive income for the period</b>	<b>(10,284)</b>	<b>5,479</b>	<b>15,763</b>	<b>153.28%</b>
Basic earnings (Loss) per share	<b>(0.014)</b>	<b>0.007</b>	<b>0.021</b>	<b>151.08%</b>

In the first half of 2022, the company's operating results were net profit of 5.48 million baht, with a net profit increased from the first half of 2021 amounting to 15.76 million baht (the first half of 2021 was a loss of 10.28 million baht), increased of 153.28% due to the following main reasons.

**2.1 Total income** for the six-month period as of June 30, 2022, the company had a total revenue of 210.99 million baht, a decreased of 69.94 million baht from the total income for the six-month period of 2021, which was a decreased of 4.09%, mainly due to a decreased in sales and car loans as a result of reduced market demand.

**2.2 Total expense** for the six-month period as of June 30, 2022, total expenses amounted to 203.87 million baht, a decreased from total expenses for the six-month period of 2021 amounting to 84.35 million baht, which was a decreased of 29.27%, mainly due to the decreased in cost of sales which was proportional with the decreased in sales volume. This was due to the calculation of the estimated loss from impairment, resulting in a decreased of 19.16 million baht from the previous year, due to the overall situation of the COVID-19 epidemic improving.

### 3. Statement of Financial Position Analysis

Statement of financial position	December 31,2021	June 30,2022	Change	
	Thousand Baht	Thousand Baht	Thousand Baht	%
For the year ended June 30,2022				
Current asset	763,712	825,105	61,393	8.04%
Non-Current asset	809,846	748,930	(60,916)	(7.52)%
<b>Total asset</b>	<b>1,573,558</b>	<b>1,574,035</b>	<b>477</b>	<b>0.03%</b>
Current Liabilities	465,728	552,614	86,886	18.66%
Non-Current Liabilities	379,349	298,778	(80,571)	(21.24)%
Total Liabilities	845,077	851,392	6,315	0.75%
Equity	728,481	722,643	(5,838)	(0.80)%
<b>Total Liabilities and Equity</b>	<b>1,573,558</b>	<b>1,574,035</b>	<b>477</b>	<b>0.03%</b>

The financial statements as of June 30, 2022 changed from the statement of financial position as of December 31, 2021 as follows: Total assets increased by 0.48 million baht, increased of 0.03%, while total liabilities increased by 6.32 million baht, increased of 0.75%, and the shareholders' equity in 2022 amounted to 722.64 million baht, a decreased of 5.84 million baht, amounting to 0.80%, mainly due to the dividend payment of 2021.

#### 4. Financial Ratio Analysis

Description	Unit	2020	2021	2022
Gross profit margin	%	4.27%	3.39%	2.81%
Net profit margin	%	5.72%	2.32%	2.57%
Interest income ratio	%	17.51%	17.57%	15.70%
Financial cost rate	%	4.42%	4.04%	3.94%
Net Interest margin	%	13.09%	13.53%	11.76%
Current Ratio	Times	1.40	1.64	1.49
D/E ratio	Times	0.97	1.16	1.18
NPL ratio- HP	%	2.77%	3.32%	3.02%
Interest Coverage Ratio	Times	3.27	2.02	1.96

The company's performance is improving after the pandemic situation of the Covid-19 virus starts to subside. The company's 2022 net profit margin is 2.57% to date, whilst the 2021 net profit margin was 2.32%, increased of 10.78%. The company's current ratio in 2022 is still good, similar to 2021 and the company's debt to equity ratio (D/E Ratio) is 1.18 times and is considered to be in good condition. The NPL rate for the consolidated financial statement in Q2'2022 was 2.39%, whilst in 2021 the NPL was at 3.30%, which is a decreased of 27.58%, which is a good improvement for the company.

Yours Sincerely,

Mr. Nitipat Yongsanguanchai  
Chief Executive Officer  
Mitsib Leasing Public Company Limited

