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Management Discussion and Analysis (MD&A)

Quarterly Ending June 30, 2022



Subject Management Discussion and Analysis for the Three and Six-month Period Ended June 30, 2022

To President
The Stock Exchange of Thailand

Heng Leasing and Capital Public Company Limited ("the Company"), is the financial statements for the Six-month Period Ended June 30, 2022 per following executive summary:

- Number of branch as of June 31, 2022 is 638 increased by 109 branches or 20.6% from December 31, 2021.
- Loan portfolio (Gross) as of June 30, 2022 is 10,527.2 Million Baht increased by 1,346.7 Million Baht or 14.7% from December 31, 2021.
- Net profit for the Six-month Period Ended June 30, 2022 is 156.1 Million Baht or 16.4%.
- Credit cost ratio as of June 30, 2022 is 3.3%, (as of December 31, 2021 : 1.9%)
- Debt to Equity Ratio (D/E) as of March 31, 2022 is 1.0 time. (as of December 31, 2021 : 1.0 time)

Company's performance

The operating performance for the Three-month Period Ended June 30, 2022 of the Company has total net profit of 89.5 Million Baht, increased from the same period in the previous year by 41.3 Million Baht or 85.7%

The operating performance for the Six-month Period Ended June 30, 2022 of the Company has total net profit of 156.1 Million Baht, increased from the same period in the previous year by 47.1 Million Baht or 43.2%

Unit : Million Baht

Income Statement For the Three-month Period Ended June 30,	2022	2021	Change	
			Amount	%
Revenues				
Hire purchase interest income	219.2	209.6	9.6	4.6
Loan interest income	217.6	148.5	69.1	46.5
Fee and service income	42.9	22.9	20.0	87.3
Other income	11.0	23.7	(12.7)	(53.6)
Total revenues	490.7	404.7	86.0	21.3
Service and administrative expenses	237.4	193.3	44.1	22.8
Profit from operating activities	253.3	211.4	41.9	19.8
Expected credit losses	78.2	97.5	(19.3)	(19.8)
Loss on impairment and disposal of assets	15.4	9.6	5.8	60.4
Profit before finance cost and income tax expenses	159.7	104.3	55.4	53.1
Finance cost	47.8	44.5	3.3	7.4
Profit before income tax expenses	111.9	59.8	52.1	87.1
Income tax expenses	22.4	11.6	10.8	93.1
Profit for the period	89.5	48.2	41.3	85.7
Basic earnings per share (Baht per share)	0.02	0.02		

1. Total revenue for the Three-month Period Ended June 30, 2022 is 490.7 Million Baht, increase from the same period by 86.0 Million Baht or 21.3%

2. Service and administrative expenses for the Three-month Period Ended June 30, 2022 is totaled 237.4 Million Baht, increased from the same period by 44.1 Million Baht or 22.8%, due to the increase of depreciation expense from employee's salary as a result of the expansion of branches and employee.

3. Expected credit loss for the Three-month Period Ended June 30, 2022 is 78.2 Million Baht, decreased from the same period by 19.3 Million Baht or 19.8%

4. Loss on impairment and disposal of assets for the Three-month Period Ended June 30, 2022 is 15.4 Million Baht, increased from the same period by 5.8 Million Baht or 60.4%

5. Finance cost for the Three-month Period Ended June 30, 2022 is 47.8 Million Baht, increased from the same period by 3.3 Million Baht or 7.4%

6. Net profit for the Three-month Period Ended June, 2022 is 89.5 Million Baht, increased from the same period by 41.3 Million Baht, or 85.7%.

Unit : Million Baht

Income Statement For the Six-month Period Ended June 30,	2022	2021	Change	
			Amount	%
Revenues				
Hire purchase interest income	430.1	405.1	25.0	6.2
Loan interest income	418.7	280.9	137.8	49.1
Fee and service income	78.9	43.1	35.8	83.1
Other income	24.0	36.1	(12.1)	(33.5)
Total revenues	951.7	765.2	186.5	24.4
Service and administrative expenses	466.4	376.3	90.1	23.9
Profit from operating activities	485.3	388.9	96.4	24.8
Expected credit losses	174.3	143.8	30.5	21.2
Loss on impairment and disposal of assets	24.3	21.0	3.3	15.7
Profit before finance cost and income tax expenses	286.7	224.1	62.6	27.9
Finance cost	91.6	88.2	3.4	3.9
Profit before income tax expenses	195.1	135.9	59.2	43.6
Income tax expenses	39.0	26.9	12.1	45.0
Profit for the period	156.1	109.0	47.1	43.2
Basic earnings per share (Baht per share)	0.04	0.04		



1. Total revenue for the Six-month Period Ended June 30, 2022 is 951.7 Million Baht, increase from the same period by 186.5 Million Baht or 24.4%
2. Service and administrative expenses for the Six-month Period Ended June 30, 2022 is totaled 466.4 Million Baht, increased from the same period by 90.1 Million Baht or 23.9% , due to the increase of depreciation expense from employee's salary as a result of the expansion of branches and employee.
3. Expected credit loss for the Six-month Period Ended June 30, 2022 is 174.3 Million Baht, increased from the same period by 30.5 Million Baht or 21.2%
4. Loss on impairment and disposal of assets for the Six-month Period Ended June 30, 2022 is 24.3 Million Baht, increased from the same period by 3.3 Million Baht or 15.7%
5. Finance cost for the Six-month Period Ended June 30, 2022 is 91.6 Million Baht, increased from the same period by 3.4 Million Baht or 3.9%
6. Net profit for the Six-month Period Ended June, 2022 is 156.1 Million Baht, increased from the same period by 47.1 Million Baht, or 43.2%.

Company's Financial Position

Unit : Million Baht

Statements of financial position As of	June 31, 2022	December 31, 2021	Change	
			Amount	%
Current assets	3,430.7	3,486.0	(55.3)	(1.6)
Non-current assets	7,121.2	6,215.9	905.3	14.6
Total assets	10,551.9	9,701.9	850.0	8.8
Current liabilities	2,777.5	3,420.4	(643.0)	(18.8)
Non-current liabilities	2,840.9	1,466.0	1,374.9	93.8
Total liabilities	5,618.4	4,886.4	732.0	15.0
Total shareholders' equity	4,933.5	4,815.5	118.0	2.5
Total liabilities and shareholders' equity	10,551.9	9,701.9	850.0	8.8

1. Total Assets

- As of June 30, 2022, the Company has total assets of 10,551.9 Million Baht, increased from last year 850.0 Million Baht or 8.8%, mainly due to the increase of loan portfolio.

2. Total Liabilities

- As of June 30, 2022, the Company has total liabilities of 5,618.4 Million Baht, increased from last year 732.0 Million Baht or 15.0%, mainly due to the increase of funding.

3. Total Equities

- Total equities as of March is 4,933.5 Million Baht, increased from end of last year 118.0 Million Baht or 2.5%, derived from the increase of profit for the period.