



ကြေး ဂိတ်

Management Discussion and Analysis (MD&A)

Quarterly Ending September 30, 2022



Subject Management Discussion and Analysis for the Three and Nine-month Period Ended September 30, 2022

To Managing Director
The Stock Exchange of Thailand

Heng Leasing and Capital Public Company Limited ("the Company") would like to present its financial performance for the Nine-month Period Ended September 30, 2022 with executive summary as followings:

- As of September 30, 2022, the Company has 638 branches, increased by 109 branches, or equivalent to 20.6%, from December 31, 2021.
- Loan portfolio (Gross) as of September 30, 2022 is Baht 11,271.9 million, increased by Baht 2,091.4 million, or equivalent to 22.8%, from December 31, 2021.
- Net profit for the Nine-month Period Ended September 30, 2022 is Baht 253.5 million or equivalent to net profit margin of 16.8%.
- Credit cost ratio as of September 30, 2022 is 3.1%, (as of December 31, 2021: 1.9%)
- Debt to Equity Ratio (D/E) as of September 30, 2022 is 1.3 time. (as of December 31, 2021: 1.0 time).

Company's performance

As to the operating performance for the Three-month Period Ended September 30, 2022, the Company has its total net profit of Baht 97.4 million, decreased from the same period of the previous year by Baht 15.6 million or equivalent to 13.8%.

As to the operating performance for the Nine-month Period Ended September 30, 2022, the Company has its total net profit of Baht 253.5 million, increased from the same period of the previous year by 31.5 Million Baht or 14.2%.

Unit : Million Baht

Income Statement For the Three-month Period Ended September 30,	2022	2021	Change	
			Amount	%
Revenues				
Hire purchase interest income	238.1	213.3	24.8	11.7
Loan interest income	245.8	173.1	72.7	42.0
Fee and service income	63.5	26.6	36.9	138.5
Other income	14.3	13.1	1.2	9.4
Total revenues	561.7	426.1	135.6	31.8
Service and administrative expenses	264.9	202.4	62.5	30.9
Profit from operating activities	296.8	223.7	73.1	32.7
Expected credit losses	90.0	17.7	72.3	408.1
Loss on impairment and disposal of assets	26.9	16.3	10.6	64.9
Profit before finance cost and income tax expenses	179.9	189.7	(9.8)	(5.2)
Finance cost	58.2	48.6	9.6	19.7
Profit before income tax expenses	121.7	141.1	(19.4)	(13.7)
Income tax expenses	24.3	28.1	(3.8)	(13.7)
Profit for the period	97.4	113.0	(15.6)	(13.8)
Basic earnings per share (Baht per share)	0.03	0.04		

1. Total revenue for the Three-month Period Ended September 30, 2022 is Baht 561.7 million, increased from the same period of the previous year by 135.6 Million Baht or equivalent to 31.8%.

2. Service and administrative expenses for the Three-month Period Ended September 30, 2022 is Baht 264.9 million, increased from the same period of the previous year by Baht 62.5 million or equivalent 30.9%, mainly caused by an increase of employee expenses from the expansion of branches and employees.

3. Expected credit loss for the Three-month Period Ended September 30, 2022 is Baht 90.0 million, increased from the same period of the previous year by Baht 72.3 million or equivalent to 408.1%.

4. Loss on impairment and disposal of assets for the Three-month Period Ended September 30, 2022 is Baht 26.9 million, increased from the same period of the previous year by Baht 10.6 million or equivalent to 64.9%.

5. Finance cost for the Three-month Period Ended September 30, 2022 is Baht 58.2 million, increased from the same period of the previous year by Baht 9.6 million or equivalent to 19.7%.

6. Net profit for the Three-month Period Ended September 30, 2022 is Baht 97.4 million, decreased from the same period of the previous year by Baht 15.6 million or equivalent to 13.8%.

Unit : Million Baht

Income Statement For the Nine-month Period Ended September 30,	2022	2021	Change	
			Amount	%
Revenues				
Hire purchase interest income	668.2	618.4	49.8	8.0
Loan interest income	664.4	454.0	210.4	46.3
Fee and service income	142.3	69.7	72.6	104.2
Other income	38.4	49.2	(10.8)	(22.0)
Total revenues	1,513.3	1,191.3	322.0	27.0
Service and administrative expenses	731.2	578.7	152.5	26.4
Profit from operating activities	782.1	612.6	169.5	27.7
Expected credit losses	264.4	161.5	102.9	63.7
Loss on impairment and disposal of assets	51.1	37.3	13.8	37.1
Profit before finance cost and income tax expenses	466.6	413.9	52.7	12.8
Finance cost	149.8	136.8	13.0	9.5
Profit before income tax expenses	316.8	277.0	39.8	14.4
Income tax expenses	63.3	55.0	8.3	15.0
Profit for the period	253.5	222.0	31.5	14.2
Basic earnings per share (Baht per share)	0.07	0.07		

1. Total revenue for the Nine-month Period Ended September 30, 2022 is Baht 1,513.3 million, increased from the same period of the previous year by 322.0 Million Baht or equivalent to 27.0%.
2. Service and administrative expenses for the Nine-month Period Ended September 30, 2022 is Baht 731.2 million, increased from the same period of the previous year by Baht 152.5 million or equivalent to 26.4% , mainly caused by an increase of employee expenses from the expansion of branches and employees.
3. Expected credit loss for the Nine-month Period Ended September 30, 2022 is Baht 264.4 million, increased from the same period of the previous year by Baht 102.9 million or equivalent to 63.7%.
4. Loss on impairment and disposal of assets for the Nine-month Period Ended September 30, 2022 is Baht 51.1 million, increased from the same period of the previous year by Baht 13.8 million or equivalent to 37.1%.
5. Finance cost for the Nine-month Period Ended September 30, 2022 is Baht 149.8 million, increased from the same period of the previous year by Baht 13.0 million or equivalent to 9.5%.
6. Net profit for the Nine-month Period Ended September 30, 2022 is Baht 253.5 million, increased from the same period of the previous year by Baht 31.5 million or equivalent to 14.2%.

Company's Financial Position

Unit : Million Baht

Statements of financial position As of	September 30, 2022	December 31, 2021	Change	
			Amount	%
Current assets	3,571.4	3,486.0	85.4	2.5
Non-current assets	7,805.4	6,215.9	1,589.5	25.6
Total assets	11,376.8	9,701.9	1,674.9	17.3
Current liabilities	3,086.7	3,420.4	(333.7)	(9.8)
Non-current liabilities	3,259.2	1,466.0	1,793.2	122.3
Total liabilities	6,345.9	4,886.4	1,459.5	29.9
Total shareholders' equity	5,030.9	4,815.5	215.4	4.5
Total liabilities and shareholders' equity	11,376.8	9,701.9	1,674.9	17.3

1. Total Assets

- As of September 30, 2022, the Company has total assets of Baht 11,376.8 million, increased from the end of the previous year by Baht 1,674.9 million or equivalent to 17.3%, mainly due to the increase of loan portfolio.

2. Total Liabilities

- As of September 30, 2022, the Company has total liabilities of Baht 6,345.9 million, increased from the end of the previous year by Baht 1,459.5 million or equivalent to 29.9%, mainly due to the increase of funding.

3. Total Equities

- Total equities as of September 30, 2022 is Baht 5,030.9 million, increased from the end of the previous year by Baht 215.4 million or equivalent to 4.5%, mainly derived from the increase of profit for the period.

Sustainable Development and Corporate Governance

The company operates on a sustainable basis that balances business growth with social well-being and the environment including the importance of good corporate governance. The Company has appointed the Corporate Governance and Sustainable Development Committee to demonstrate our commitment to disclosing important information to stakeholders accurately, completely, and transparently. The company has added Sustainable Development and Corporate Governance contents as a part of the quarterly Management Discussion and Analysis. In the 3Q22, the company made significant progress as follows:

E: Environment

The company focuses on the efficient use of resources and systematic waste management. The company has started the campaign to reduce the use of electricity. Campaign to reduce water use and help check for broken plumbing equipment. Campaign to reduce pollution from car traveling including waste separation for effective waste management.

S: Social

The company has provided financial knowledge to people in the community through the project to promote financial knowledge and also has published through online channels in the program "Heng Ruay Pang" via YouTube and Facebook of the company.

G: Governance

The company focuses on the importance of good corporate governance. The company operated following the Personal Data Protection Act. and the Anti-Money Laundering Act, B.E. 2542 (1999) and the Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing Act, B.E.2559 (2016) to update the policy and operation process including educating employees for knowledge and updated a guideline for working and serving customers properly.