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**Management Discussion and Analysis (MD&A)**

**Yearly Ending December 31, 2022**

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Subject Management Discussion and Analysis for the Year Ended December 31, 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 Year Ended December 31, 2022 with executive summary as followings:

- As of December 31, 2022, the Company has 678 branches, increased by 149 branches, or equivalent to 28.2%, from December 31, 2021.
- Loan portfolio (Gross) as of December 31, 2022 is Baht 12,020.1 million, increased by Baht 2,839.6 million, or equivalent to 30.9%, from December 31, 2021.
- Net profit for the Year Ended December 31, 2022 is Baht 461.1 million or equivalent to net profit margin of 21.7%.
- Credit cost ratio as of December 31, 2022 is 1.9%, (as of December 31, 2021: 1.9%)
- Debt to Equity Ratio (D/E) as of December 31, 2022 is 1.3 time. (as of December 31, 2021: 1.0 time).

### Company's performance

As to the operating performance for the Year Ended December 31, 2022, the Company has its total net profit of Baht 461.1 million, increased from the previous year by Baht 107.3 million or equivalent to 30.3%.

Unit : Million Baht

Income Statement For the Year Ended December 31,	2022	2021	Change	
			Amount	%
<b>Revenues</b>				
Hire purchase interest income	924.0	825.9	98.1	11.9
Loan interest income	937.4	645.4	292.0	45.2
Fee and service income	197.6	105.0	92.6	88.1
Other income	65.4	68.1	(2.7)	(4.0)
<b>Total revenues</b>	<b>2,124.4</b>	<b>1,644.4</b>	<b>480.0</b>	<b>29.2</b>
Service and administrative expenses	1,000.5	790.8	209.7	26.5
<b>Profit from operating activities</b>	<b>1,123.9</b>	<b>853.6</b>	<b>270.3</b>	<b>31.7</b>
Expected credit losses	230.1	177.6	52.5	29.5
Loss on impairment and disposal of assets	99.9	50.8	49.1	96.6
<b>Profit before finance cost and income tax expenses</b>	<b>793.9</b>	<b>625.2</b>	<b>168.7</b>	<b>27.0</b>
Finance cost	219.0	184.8	34.2	18.5
<b>Profit before income tax expenses</b>	<b>574.9</b>	<b>440.4</b>	<b>134.5</b>	<b>30.5</b>
Income tax expenses	113.8	86.6	27.2	31.4
<b>Profit for the year</b>	<b>461.1</b>	<b>353.8</b>	<b>107.3</b>	<b>30.3</b>
Basic earnings per share (Baht per share)	0.12	0.11		

1. Total revenue for the Year Ended December 31, 2022 is Baht 2,124.4 million, increased from the previous year by 480.0 Million Baht or equivalent to 29.2%.

2. Service and administrative expenses for the Year Ended December 31, 2022 is Baht 1,000.5 million, increased from the previous year by Baht 209.7 million or equivalent 26.5%, mainly caused by an increase of employee expenses from the expansion of branches and employees.

3. Expected credit loss for the Year Ended December 31, 2022 is Baht 230.1 million, increased from the previous year by Baht 52.5 million or equivalent to 29.5%.

4. Loss on impairment and disposal of assets for the Year Ended December 31, 2022 is Baht 99.9 million, increased from the previous year by Baht 49.1 million or equivalent to 96.6%.

5. Finance cost for the Year Ended December 31, 2022 is Baht 219.0 million, increased from the previous year by Baht 34.2 million or equivalent to 18.5%.

6. Net profit for the Year Ended December 31, 2022 is Baht 461.1 million, increased from the previous year by Baht 107.3 million or equivalent to 30.3%.

### Company's Financial Position

Unit : Million Baht

Statements of financial position As of December	2022	2021	Change	
			Amount	%
Current assets	3,775.9	3,486.0	289.9	8.3
Non-current assets	8,487.7	6,215.9	2,271.8	36.5
<b>Total assets</b>	<b>12,263.6</b>	<b>9,701.9</b>	<b>2,561.7</b>	<b>26.4</b>
Current liabilities	3,427.1	3,420.4	6.7	0.2
Non-current liabilities	3,592.2	1,466.0	2,126.2	145.0
<b>Total liabilities</b>	<b>7,019.3</b>	<b>4,886.4</b>	<b>2,132.9</b>	<b>43.6</b>
Total shareholders' equity	5,244.3	4,815.5	428.8	8.9
<b>Total liabilities and shareholders' equity</b>	<b>12,263.6</b>	<b>9,701.9</b>	<b>2,561.7</b>	<b>26.4</b>

#### 1. Total Assets

- As of December 31, 2022, the Company has total assets of Baht 12,263.6 million, increased from the end of the previous year by Baht 2,561.7 million or equivalent to 26.4%, mainly due to the increase of loan portfolio.

#### 2. Total Liabilities

- As of December 31, 2022, the Company has total liabilities of Baht 7,019.3 million, increased from the end of the previous year by Baht 2,132.9 million or equivalent to 43.6%, mainly due to the increase of funding.

#### 3. Total Equities

- Total equities as of December 31, 2022 is Baht 5,244.3 million, increased from the end of the previous year by Baht 428.8 million or equivalent to 8.9%, mainly derived from the increase of profit for the year.



## 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. For the year 2022, 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 equitably.