

Mitsib 002/2566

February 24,2022

Subject : Management Discussion and Analysis for the three-month period ended September 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, but in the 4th quarter of 2022, the epidemic situation has begun to decline. The number of infected individuals are likely to continue to decrease. As a result, the country's economic outlook, including domestic tourism, is beginning to recover. This is a good trend for the future business operations of Mitsub Leasing PLC and its subsidiary companies ("the Group").

Continuously from the last quarters, the Group has helped debtors who qualified for the criteria to alleviate their repayment via debt restructuring, refinancing, and installments grace periods, which also includes granting the right to suspend installment payments for debtors who are patients infected with COVID-19. However, the Group also managed and reduced the number of contracts that receive these measures in order to gradually adjust them to the normal installment payment in 2023, which will be beneficial and increase the cash inflow of the Group in the future.



2. Performance Analysis

The Group would like to clarify the overall operating results for year ended on December 31, 2022 which are summarized as follows:

Statement of comprehensive income	2021	2022	Change	
	Thousand Baht	Thousand Baht	Thousand Baht	%
For year ended 31 December				
Revenue				
Revenue from sales	342,671.00	254,709.00	(87,962.00)	(25.67%)
Finance income on the net investment in hire purchase contract	159,994.00	157,459.00	(2,535.00)	(1.58%)
Interest income on factoring	1,410.00	1,747.00	337.00	23.90%
Other income	51,632.00	81,185.00	29,553.00	57.24%
Total Revenue	555,707.00	495,100.00	(60,607.00)	(10.91%)
Expenses				0.00%
Cost of sales of goods	331,062.00	235,865.00	(95,197.00)	(28.76%)
Distribution costs	44,438.00	35,366.00	(9,072.00)	(20.41%)
Administrative expenses	120,288.00	145,391.00	25,103.00	20.87%
Total expenses	495,788.00	416,622.00	(79,166.00)	(15.97%)
Profit from operating activities	59,919.00	78,478.00	18,559.00	30.97%
Loss arising from derecognition of receivable under hire purchase contracts	(3,042.00)	(11,097.00)	8,055.00	(264.79%)
Finance cost	(29,648.00)	(33,009.00)	3,361.00	(11.34%)
Gains and reversal (loss) of expected credit loss	(7,681.00)	(9,912.00)	2,231.00	(29.05%)
Share of loss of joint venture	(353.00)	(246.00)	(107.00)	30.31%
Profit (Loss) before income tax expense	19,195.00	24,214.00	5,019.00	26.15%
Tax expense	(6,243.00)	(2,732.00)	3,511.00	56.24%
Total comprehensive income for the period	12,952.00	21,482.00	8,530.00	65.86%

For year ended on December 31, 2022, the Group had a net profit of 21.48 MB, an increase by 8.53 MB or 65.86% from last year due to the following:

2.1 Total revenue for year ended December 31, 2022, the Group had a total revenue of 495.10 MB, an increase by 60.61 MB or 10.91% due to the following.

- Revenue from sales of 254.71 MB a decrease of 87.96 MB or 25.67% because the sales of new taxi and second-hand taxi decreased from customer demand as a result of the easing of the coronavirus situation.
- Other income of 81.19 MB an increase of 29.55 MB or 57.24% due to increasing in lending of subsidiary company of 45.14 MB, an increase of 28.69 MB or 174.46%.

2.2 Total expense for year ended December 31, 2022, the Group had a total expense of 416.62 MB, decrease of 79.17 MB or 15.97% from of last year because of:

- Cost of goods sold of 235.87 MB decrease of 95.20 MB or 28.76% due to decreasing of sales.
- Distribution costs of 35.37 MB decrease of 9.07 MB or 20.41% due to decreasing of sales.
- Administrative expenses of 145.39 MB an increase of 25.10 MB or 20.87% mainly due to loss recognition from the repossession of taxis and other vehicles increase.

2.3 Loss arising from derecognition of financial assets measured at amortised cost and receivables under hirepurchase the Group had a total Loss arising from derecognition of financial assets of 11.10 MB increase of 8.06 MB or 264.79 from as a result of debt restructuring of hire purchase receivables, The Group reclassified the affected financial assets.

3. Financial Position Analysis

Statement of financial position	2021	2022	Change	
As at 31 December 2022	Thousand Baht	Thousand Baht	Thousand Baht	%
Current asset	763,712	848,646	84,934	11.12%
Non-Current asset	809,846	739,771	(70,075)	(8.65%)
Total asset	1,573,558	1,588,417	14,859	0.94%
Current Liabilities	465,728	521,057	55,329	11.88%
Non-Current Liabilities	379,349	328,652	(50,697)	(13.36%)
Total Liabilities	845,077	849,709	4,632	0.55%
Equity	728,481	738,708	10,227	1.40%
Total Liabilities and Equity	1,573,558	1,588,417	14,859	0.94%

Statement of financial position as of December 31, 2022 changed from December 31, 2021 because of:

3.1 Total assets as of December 31, 2022 was 1,588.42 MB, an increase of 14.86 MB or 0.94% due to:

- Cash and cash equivalents of 32.00 MB, a decrease of 44.17 MB or 57.99% due to increase in lending of the subsidiary company.
- Other receivables of 371.64 MB. an increase of 186.65 MB or 100.90% due to increase in lending of the subsidiary company.
- Receivables under hire purchase contracts of 1,088.19 MB, a decrease of 112.39 MB or 9.36% due to a decrease in outstanding balance of hire purchase contracts, due to normal terminations or expiration of hire purchase contracts.

3.2 Total liabilities as of December 31, 2022 was 849.71 MB, an increase of 4.63 MB or 0.55% due to:

- Short-term borrowings from financial institutions of 68.00 MB a decrease of 42.00 MB or 38.18% due to repayment during the year.
- Short-term borrowings from other parties of 83.00 MB, an increase of 47.00 MB or 130.56% in order to support the lending of the subsidiary company.
- Long-term borrowings from financial institutions of 522.46 MB, an increase of 1.09 MB or 0.21% due to borrowing of 165.91 MB and payment of 164.82 MB during the same period.

3.3. Equity as of December 31, 2022 was 738.71 MB, an increase of 10.23 MB or 1.40% due to:

- Operating profit resulting from this year of 21.48 MB and
- Dividend payment of the year 2021 of 11.26 MB



4. Analysis of liquidity and sources of funds

Statement of cash flows For year ended 31 December	2021	2022	Change	
	Thousand Baht	Thousand Baht	Thousand Baht	%
Profit for the year	12,953	21,482	8,529	65.85%
Net cash from operating activities	9,701	4,422	(5,279)	(54.41%)
Net cash (used in) from in investing activities	(741)	(3,112)	(2,371)	(319.94%)
Net cash from (used in) financing activities	36,243	(45,482)	(81,724)	(225.49%)
Net (decrease) increase in cash and cash equivalents	45,203	(44,171)	(89,374)	(197.72%)
Cash and cash equivalents at 1 January	30,967	76,170	45,203	145.97%
Cash and cash equivalents at 31 December	76,170	31,999	(44,171)	(57.99%)

For the year ended December 31, 2022 The group cash flow decreased by 44.17 MB. due to

- **Net cash flow from operating activities** in the amount of 4.42 MB resulting from interest income.
- **Net cash flow used in investing activities** amounted to 3.11 MB mainly from investment in equipment and intangible assets.
- **Net cash flow used in financing activities** amounted to 45.48 MB mainly as a result of cash paid for interest expenses of 33.17 MB and cash paid for dividends from operations for the year 2021 in the amount 11.26 MB

Yours Sincerely,

Mr. Nitipat Yongsanguanchai

Chief Executive Officer

Mitsib Leasing Public Company Limited

