

Mitsib 002/2566

24th February 2023

Subject: Management Discussion and Analysis for the year ended 31st December 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 are affected and qualified for certain COVID-19 criteria to help alleviate their repayments 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 is actively managing and reducing the number of debtors and/or contracts that has received these COVID-19 measures in order to gradually adjust them to their normal installment payments in 2023, which will be overall beneficial and help increase the cash inflow of the Group in the future.



2. Performance Analysis

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

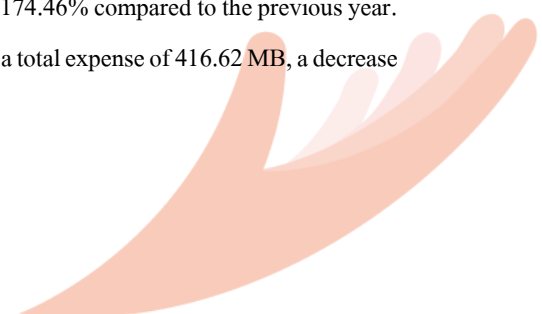
Statement of comprehensive income	2021	2022	Change	
	Thousand Baht	Thousand Baht	Thousand Baht	%
For year ended 31 December				
Revenue				
Revenue from sales	342,671	254,709	(87,962)	(25.67%)
Finance income on the net investment in hire purchase contract	159,994	157,459	(2,535)	(1.58%)
Interest income on factoring	1,410	1,747	337	23.90%
Other income	51,632	81,185	29,553	57.24%
Total Revenue	555,707	495,100	(60,607)	(10.91%)
Expenses				
Cost of sales of goods	331,062	235,865	(95,197)	(28.76%)
Distribution costs	44,438	35,366	(9,072)	(20.41%)
Administrative expenses	120,288	145,391	25,103	20.87%
Total expenses	495,788	416,622	(79,166)	(15.97%)
Profit from operating activities	59,919	78,478	18,559	30.97%
Loss arising from derecognition of receivable under hire purchase contracts	3,042	11,096	8,054	264.76%
Finance cost	29,647	33,009	3,362	11.34%
Gains and reversal (loss) of expected credit loss	7,681	9,913	2,232	29.06%
Share of loss of joint venture	353	246	(107)	(30.31%)
Profit (Loss) before income tax expense	19,196	24,214	5,018	26.14%
Tax expense	6,243	2,732	(3,511)	(56.24%)
Total comprehensive income for the period	12,953	21,482	8,529	65.85%

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

2.1 Total revenue for the year ended 31st December 2022, the Group had a total revenue of 495.10 MB, a decrease 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 and used public vehicles decreased due to a decrease in customer’s demand as a result of the coronavirus situation.
- Other income of 81.19 MB an increase of 29.55 MB or 57.24% due to the increase in lending from the subsidiary company of 45.14 MB, an increase of 28.69 MB or 174.46% compared to the previous year.

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



- Cost of goods sold of 235.87 MB a decrease of 95.20 MB or 28.76% which is proportional to the decrease in sales.
- Distribution costs of 35.37 MB a decrease of 9.07 MB or 20.41% which is proportional to the decrease in sales.
- Administrative expenses of 145.39 MB an increase of 25.10 MB or 20.87% mainly due to loss recognition from the increase in the number of repossessions of public vehicles.

2.3 Loss arising from derecognition of financial assets measured at amortized cost and receivables under hire-purchase contracts. The Group had a total Loss Arising from Derecognition of Financial Assets of 11.10 MB, an increase of 8.06 MB or 264.79% as a result of debt restructuring of hire purchase contracts receivables and the Group's reclassification of the affected financial assets.

3. Financial Position Analysis

Statement of financial position As at 31 December 2022	2021	2022	Change	
	Thousand Baht	Thousand Baht	Thousand Baht	%
Current asset	763,712	848,647	84,935	11.12%
Non-Current asset	809,846	739,771	(70,075)	(8.65%)
Total asset	1,573,558	1,588,418	14,860	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	738,709	10,228	1.40%
Total Liabilities and Equity	1,573,558	1,588,418	14,860	0.94%

Statement of financial position as of 31st December 2022 changed from 31st December 2021 because of the following:

3.1 Total assets as of 31st December 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 overall outstanding balance of hire purchase contracts, due to the normal terminations and closure, and/or the expiration of said hire purchase contracts.

3.2 Total liabilities as of 31st December 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 repayment of 164.82 MB during the same period.

3.3. Equity as of 31st December 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	2021	2022	Change	
	Thousand Baht	Thousand Baht	Thousand Baht	%
For year ended 31 December				
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 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 31st December 2022 the group cash flow decreased by 44.17 MB due to the following:

- **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

