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

**Quarterly Ending March 31, 2023**

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Subject Management Discussion and Analysis for the Three-month Period Ended March 31, 2023

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 Three-month Period Ended March 31, 2023 with executive summary as followings:

- As of March 31, 2023, the Company has 830 branches, increased by 152 branches, or equivalent to 22.4%, from December 31, 2022.
- Loan portfolio (Gross) as of March 31, 2023 is Baht 12,801.5 million, increased by Baht 781.4 million, or equivalent to 6.5%, from December 31, 2022.
- Net profit for the Three-month Period Ended March 31, 2023 is Baht 101.0 million or equivalent to net profit margin of 15.8%.
- Credit cost ratio as of March 31, 2023 is 2.4%, (as of December 31, 2022: 1.9%)
- Debt to Equity Ratio (D/E) as of March 31, 2023 is 1.5 time. (as of December 31, 2022: 1.3 time).

### Company's performance

As to the operating performance for the Three-month Period Ended March 31, 2023, the Company has its total net profit of Baht 101.0 million, increased from the same period of the previous year by Baht 34.4 million or equivalent to 51.7%.

Unit : Million Baht

Income Statement For the Three-month Period Ended March 31,	2023	2022	Change	
			Amount	%
<b>Revenues</b>				
Hire purchase interest income	250.0	210.9	39.1	18.5
Loan interest income	312.7	201.0	111.7	55.6
Fee and service income	63.9	36.0	27.9	77.4
Other income	13.9	13.1	0.8	6.4
<b>Total revenues</b>	<b>640.5</b>	<b>461.0</b>	<b>179.5</b>	<b>38.9</b>
Service and administrative expenses	309.8	229.0	80.8	35.3
<b>Profit from operating activities</b>	<b>330.7</b>	<b>232.0</b>	<b>98.7</b>	<b>42.5</b>
Expected credit losses	75.2	96.1	(20.9)	(21.7)
Loss on impairment and disposal of assets	44.8	8.8	36.0	407.0
<b>Profit before finance cost and income tax expenses</b>	<b>210.7</b>	<b>127.1</b>	<b>83.6</b>	<b>65.8</b>
Finance cost	84.5	43.8	40.7	92.8
<b>Profit before income tax expenses</b>	<b>126.2</b>	<b>83.3</b>	<b>43.0</b>	<b>51.6</b>
Income tax expenses	25.2	16.7	8.5	51.2
<b>Profit for the period</b>	<b>101.0</b>	<b>66.6</b>	<b>34.4</b>	<b>51.7</b>
Basic earnings per share (Baht per share)	0.03	0.02		

1. Total revenue for the Three-month Period Ended March 31, 2023 is Baht 640.5 million, increased from the same period of the previous year by Baht 179.5 million or equivalent to 38.9%.

2. Service and administrative expenses for the Three-month Period Ended March 31, 2023 is Baht 309.8 million, increased from the same period of the previous year by Baht 80.8 million or equivalent 35.3%, 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 March 31, 2023 is Baht 75.2 million, decreased from the same period of the previous year by Baht 20.9 million or equivalent to 21.7%.

4. Loss on impairment and disposal of assets for the Three-month Period Ended March 31, 2023 is Baht 44.8 million, increased from the same period of the previous year by Baht 36.0 million

or equivalent to 407.0%.

5. Finance cost for the Three-month Period Ended March 31, 2023 is Baht 84.5 million, increased from the same period of the previous year by Baht 40.7 million or equivalent to 92.8%.

6. Net profit for the Three-month Period Ended March 31, 2023 is Baht 101.0 million, increased from the same period of the previous year by Baht 34.4 million or equivalent to 51.7%.

## Company's Financial Position

Unit : Million Baht

Statements of financial position As of	March 31, 2023	December ,31 2022	Change	
			Amount	%
Current assets	3,971.9	3,775.9	196.0	5.2
Non-current assets	9,135.1	8,487.7	647.4	7.6
<b>Total assets</b>	<b>13,107.0</b>	<b>12,263.6</b>	<b>843.4</b>	<b>6.9</b>
Current liabilities	3,897.3	3,427.1	470.2	13.7
Non-current liabilities	3,864.4	3,592.2	272.2	7.6
<b>Total liabilities</b>	<b>7,761.7</b>	<b>7,019.3</b>	<b>742.4</b>	<b>10.6</b>
Total shareholders' equity	5,345.3	5,244.3	101.0	1.9
<b>Total liabilities and shareholders' equity</b>	<b>13,107.0</b>	<b>12,263.6</b>	<b>843.4</b>	<b>6.9</b>

### 1. Total Assets

- As of March 31, 2023, the Company has total assets of Baht 13,107.0 million, increased from the end of the previous year by Baht 843.4 million or equivalent to 6.9%, mainly due to the increase of loan portfolio.

### 2. Total Liabilities

- As of March 31, 2023, the Company has total liabilities of Baht 7,761.7 million, increased from the end of the previous year by Baht 742.4 million or equivalent to 10.6%, mainly due to the increase of funding.

### 3. Total Equities

- Total as of March 31, 2023 is Baht 5,345.3 million, increased from the end of the previous year by Baht 101.0 million or equivalent to 1.9%, mainly derived from 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. For quarter 1/2023, 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.