

Mitsib 008/2566

August 10, 2023

Subject: Management Discussion and Analysis for the three-month period ended on June 30 2023

 To: Managing Director  
 The Stock Exchange of Thailand

## 1. Overview of Operations

In the 2nd quarter of 2023, the epidemic situation of the Covid-19 virus 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 in Thailand, including the operations of Mitsub Leasing PLC and its subsidiary companies (“the Group”).

## 2. Performance Analysis

The Group would like to clarify the overall operating results for the three-month period ended on June 30 2023 which are summarized as follows:

Statement of comprehensive income	2023	2022	Change	
	Thousand Baht	Thousand Baht	Thousand Baht	% Y o Y
For the three-month period ended on June 30 2023				
<b>Revenue</b>				
Revenue from sales	102,761	41,591	61,170	147.08%
Finance income on the net investment in hire purchase contract	40,238	36,897	3,341	9.05%
Interest income on factoring	33	435	(402)	(92.41%)
Other income	26,142	16,190	9,952	61.47%
<b>Total Revenue</b>	<b>169,174</b>	<b>95,113</b>	<b>74,061</b>	<b>77.87%</b>
<b>Expenses</b>				
Cost of sales of goods	90,946	38,014	52,932	139.24%
Distribution costs	16,842	6,136	10,706	174.48%
Administrative expenses	20,343	19,773	570	2.88%
Expected credit losses	17,266	14,616	2,650	18.13%
<b>Total Expenses</b>	<b>145,397</b>	<b>78,539</b>	<b>66,858</b>	<b>85.13%</b>
<b>Profit from Operating Activities</b>	<b>23,777</b>	<b>16,574</b>	<b>7,203</b>	<b>43.46%</b>

Statement of comprehensive income	2023	2022	Change	
	Thousand Baht	Thousand Baht	Thousand Baht	% Y o Y
For the three-month period ended on June 30,				
Finance cost	10,431	8,167	2,264	27.72%
Share of loss of joint venture	-	62	(62)	(100.00%)
<b>Profit (Loss) before income tax expense</b>	<b>13,346</b>	<b>8,345</b>	<b>5,001</b>	<b>59.93%</b>
Tax expense	3,831	905	2,926	323.31%
<b>Total comprehensive income for the period</b>	<b>9,515</b>	<b>7,440</b>	<b>2,075</b>	<b>27.89%</b>

For the three-month period ended on June 30 2023, the Group had a net profit of 9.51 MB (“Million Baht”), an increase by 2.07 MB or 27.89% due to the following:

**2.1 Total revenue** for the three-month period ended on June 30 2023, the Group had a total revenue of 169.17 MB, an increase by 74.06 MB or 77.87% due to the following.

- Revenue from sales of 102.76 MB, an increase of 61.17 MB or 147.08% was because the sales of new and used public vehicles increased.
- Interest income on hire-purchase contracts of 40.24 MB, an increase of 3.34 MB or 9.05% was due to the increase in lending of public vehicles
- Other income of 26.14 MB, an increase of 9.95 MB or 61.47% was due to the increase in lending of the subsidiary company compared to the same period of last year.

**2.2 Total expense** for the three-month period ended on June 30 2023, the Group had a total expense of 145.40 MB, an increase of 66.86 MB or 85.13% because of the following:

- Cost of goods sold of 90.95 MB, an increase of 52.94 MB or 139.24% varied with the increase in revenue from sales.
- Distribution costs of 16.84 MB an increase of 10.71 MB or 174.48% varied with the increase in revenue from sales.
- Expected credit losses of 17.27 MB, an increase of 2.65 MB or 18.13% was mainly due to an increase in recognition of loss from repossession of vehicles.



**3. Financial Position Analysis**

Statement of financial position	30 June 2023	31 December 2022	Change	
	Thousand Baht	Thousand Baht	Thousand Baht	%
<b>Assets</b>				
Cash and cash equivalents	15,068	31,999	(16,931)	52.91%
Hire-purchase receivables, net	1,240,649	1,088,186	152,463	14.01%
Other loan receivables, net	370,499	371,640	(1,141)	-0.31%
Inventories	57,117	38,941	18,176	46.68%
Investment in joint venture	2,631	2,631	-	0.00%
Deferred tax assets	10,561	11,730	(1,169)	-9.97%
Other	52,486	43,291	9,195	21.24%
<b>Total assets</b>	<b>1,749,011</b>	<b>1,588,418</b>	<b>160,593</b>	<b>10.11%</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Borrowings from financial institutions	667,479	590,460	77,019	13.04%
Borrowings from related parties	125,000	120,000	5,000	4.17%
Borrowings from other parties	132,571	89,417	43,154	48.26%
Other	63,393	49,832	13,561	27.21%
<b>Total liabilities</b>	<b>988,443</b>	<b>849,709</b>	<b>138,734</b>	<b>16.33%</b>
Equity	760,568	738,709	21,859	2.96%
<b>Total liabilities and shareholders' equity</b>	<b>1,749,011</b>	<b>1,588,418</b>	<b>160,593</b>	<b>10.11%</b>

Statement of financial position as of June 30 2023 changed from December 31 2022 because of the following:

**3.1 Total assets** as of June 30, 2023 was 1,749.02 MB, an increase of 160.59 MB or 10.11% due to:

- Cash and cash equivalents of 15.07 MB, a decrease of 16.93 MB or 52.91% due to an increase in the lending of the Group
- Hire-purchase receivables, net of 1,240.65 MB, an increase of 152.46 MB or 14.01% due to the increase in hire purchase contracts.

**3.2 Total liabilities** as of June 30, 2023 was 988.44 MB, an increase of 138.73 MB or 16.33% was due to:

- Borrowings from financial institutions of 667.48 MB, an increase of 77.02 MB or 13.04% was due to new loan drawdown during the quarter.
- Borrowings from related parties of 125.00 MB, an increase of 5.00 MB or 4.17% was due to support the lending of the subsidiary company.
- Borrowings from other parties of 132.57 MB, an increase of 43.15 MB or 48.26% was due to support the lending of the subsidiary company.

- **3.3. Equity** as of June 30, 2023 was 760.57 MB, an increase of 21.86 MB or 2.96% was due to operating profit of the six-month period ended on June 30, 2023 of 23.94 MB, stock dividend payment of 18.76 MB and cash dividend payment of 2.08 MB.

**4. Analysis of Sources and uses of cash flow**

<b>Statement of cash flows</b>	<b>2023</b>
For the three-month period ended on June 30,	Thousand Baht
Net cash provided (used in) operating activities	(113,083)
Net cash (used in) from in investing activities	(2,744)
Net cash provided from financing activities	98,896
Net (decrease) increase in cash and cash equivalents	(16,931)
Cash and cash equivalents at 1 January	31,999
<b>Cash and cash equivalents at 30 June</b>	<b>15,068</b>

Cash and cash equivalents as of June 30, 2023 of 15.07 MB, decreased from cash and cash equivalents as of December 31, 2022 of 16.93 MB or 52.91% was due to:

- **Net cash flow used in operating activities** 113.08 MB was because of the increase in lending of the group in this quarter.
- **Net cash flow used in investing activities** of 2.74 MB was because of the investment in ERP program in the quarter.
- **Net cash flow provided from financing activities** of 98.90 MB was because of the increase in borrowing from financial institutions for lending purposes.

Yours Sincerely,

Mr. Nitipat Yongsanguanchai  
Chief Executive Officer  
Mitsib Leasing Public Company Limited

