

August 10, 2023

Subject Management Discussion and Analysis for the 3-month and 6-month ended June 30, 2023

To President  
The Stock Exchange of Thailand

Next Capital Public Company Limited and its subsidiary (“The Company”) have informed the operating result for the 3-month and 6-month ended June 30, 2023 as follows:

For operating result for the 3-month ended June 30, 2023, Profit owners of the parent was 41.59 million baht compared to net profit of 13.08 million baht in the same period of the previous year. It increased by 28.51 million baht or equaled to a growth rate of 217.97%. The detail is as follows:

(Unit : Million baht)

Statement of Comprehensive Income (Consolidated)	For the 3-month ended		Changes	
	Jun 30, 2023	Jun 30, 2022	Amount	Percentage
Revenue				
Interest income from hire-purchase	383.95	391.42	(7.47)	(1.91)
Interest income from loan	0.15	-	0.15	100.00
Fee and service income	62.73	48.41	14.32	29.58
Other income	51.75	49.64	2.11	4.25
Total revenue	498.58	489.47	9.11	1.86
Expenses				
Selling and administrative expenses	184.45	187.46	(3.01)	(1.61)
Expected credit loss	209.54	241.24	(31.70)	(13.14)
(Gain) Loss on disposals and diminution in value of foreclosed assets	0.99	(0.20)	1.19	595.00
Finance costs	49.14	43.96	5.18	11.78
Total expenses	444.12	472.46	(28.34)	(6.00)
Profit before income tax expense	54.46	17.01	37.45	220.16
Income tax expense	(12.87)	(3.93)	(8.94)	227.48
Profit for the period	41.59	13.08	28.51	217.97
Profit owners of the parent	41.59	13.08	28.51	217.97
Basic earnings per share (Baht per share)	0.03	0.01	0.02	200.00

1. Revenue for the 3-month ended June 30, 2023 was 498.58 million baht compared to revenue of 489.47 million baht in the same period of the previous year. It increased by 9.11 million baht or equaled to a growth rate of 1.86%. This resulted from fee and service income amounting to 62.73 million baht which increased by 14.32 million baht or equaled to a growth rate of 29.58%. It resulted from insurance service income. While interest income from hire-purchase which consists of interest income deduct commission expense amounting to 383.95 million baht which decreased by 7.47 million baht or equaled to 1.91%. The main reason was an increase of commission expense when compared to the same period of the previous year. Moreover, interest income from loan amounting to 0.15 million baht from title loan business which started service since April 2023.

2. Total expenses for the 3-month ended June 30, 2023 was 444.12 million baht compared to expenses of 472.46 million baht in the same period of the previous year. It decreased by 28.34 million baht or equaled to 6.00%. It mainly resulted from expected credit losses amounting to 209.54 million baht was decreased by 31.70 million baht or equaled to 13.14%. It resulted from overdue ratio compared to the same period of the previous year. Moreover, selling and administrative expenses amounting to 184.45 million baht which decreased by 3.01 million bath or equaled to 1.61%. Finance costs amounting to 49.14 million bath was increased by 5.18 million baht or equaled to 11.78%.

For operating result for the 6-month ended June 30, 2023, Profit owners of the parent was 183.66 million baht compared to net profit of 78.30 million baht in the same period of the previous year. It increased by 105.36 million baht or equaled to a growth rate of 134.56%. The detail is as follows:

(Unit : Million baht)

Statement of Comprehensive Income (Consolidated)	For the 6-month ended		Changes	
	Jun 30, 2023	Jun 30, 2022	Amount	Percentage
Revenue				
Interest income from hire-purchase	759.55	735.85	23.70	3.22
Interest income from loan	0.15	-	0.15	100.00
Fee and service income	118.21	100.77	17.44	17.31
Other income	103.16	107.31	(4.15)	(3.87)
Total revenue	981.07	943.93	37.14	3.93
Expenses				
Selling and administrative expenses	357.59	365.73	(8.14)	(2.23)
Expected credit loss	299.03	398.51	(99.48)	(24.96)
Loss on disposals and diminution in value of foreclosed assets	2.45	1.28	1.17	91.41
Finance costs	89.42	79.36	10.06	12.68
Total expenses	748.49	844.88	(96.39)	(11.41)
Profit before income tax expense	232.58	99.05	133.53	134.81
Income tax expense	(48.94)	(20.80)	(28.14)	135.29
Profit for the period	183.64	78.25	105.39	134.68
Profit owners of the parent	183.66	78.30	105.36	134.56
Basic earnings per share (Baht per share)	0.14	0.08	0.06	70.05

1. Revenue for the 6-month ended June 30, 2023 was 981.07 million baht compared to revenue of 943.93 million baht in the same period of the previous year. It increased by 37.14 million baht or equaled to a growth rate of 3.93%. This resulted from the continuous increase in new hire-purchase contracts. As a result, the recognition of interest income from hire-purchase amounting to 759.55 million baht which increased by 23.70 million baht or equaled to a growth rate of 3.22% and fee and service income amounting to 118.21 million baht which increased by 17.44 million baht or equaled to 17.31% compared to the same period of the previous year. It resulted from an increase in new hire-purchase contracts that effected to fee and service income increased in the same direction. Moreover, interest income from loan amounting to 0.15 million baht from title loan business which started service since April 2023.

2. Total expenses for the 6-month ended June 30, 2023 was 748.49 million baht compared to expenses of 844.88 million baht in the same period of the previous year. It decreased by 96.39 million baht or equaled to 11.41%. It mainly resulted from expected credit losses amounting to 299.03 million baht was decreased by 99.48 million baht or equaled to 24.96%. It resulted from overdue ratio compared to the same period of the previous year and adjustment of the expected credit loss calculation model for the year 2023 in accordance with the Company's accounting policy. Moreover, selling and administrative expenses amounting to 357.59 million baht which decreased by 8.14 million bath or equaled to 2.23%. Finance costs amounting to 89.42 million bath was increased by 10.06 million baht or equaled to 12.68%.

(Unit : Million baht)

Statement of financial position (Consolidated)	As of		Changes	
	Jun 30, 2023	Dec 31, 2022	Amount	Percentage
Assets	9,449.56	8,359.73	1,089.83	13.04
Liabilities	5,037.40	4,129.45	907.95	21.99
Equity	4,412.16	4,230.28	181.88	4.30
Debt to equity ratio	1.14	0.98	-	-

1. Total assets Total assets of the Company as of June 30, 2023 was 9,449.56 million baht which increased from the year ended 2022 by 1,089.83 million baht or equaled to a growth rate of 13.04%. The main reason was an increase in hire-purchase receivables. As of June 30, 2023, hire-purchase receivables increased by 1,520.60 million baht or equaled to 20.47% compared to the year ended 2022 which was in line with the Company's business expansion. At the same time, cash and cash equivalents decreased by 451.32 million baht or equaled to 85.86% compared to the year ended 2022. Whereas the Company used cash as working capital.



2. Total liabilities Total liabilities of the Company as of June 30, 2023 was 5,037.40 million baht which increased from the year ended 2022 by 907.95 million baht or equaled to 21.99%. The main reason was long-term borrowings from financial institutions and short-term borrowings from financial institutions increased by 550.63 million baht and 280.00 million baht, respectively. It resulted from the Company had to manage liquidity in order to provide sufficient sources of funds in accordance with the Company's continuous business expansion. As a result, the portion of current and non-current borrowings were 40.19% and 59.81% of total borrowings, respectively.

3. Equity Equity of the Company as of June 30, 2023 and December 31, 2022 were 4,412.16 million baht and 4,230.28 million baht, respectively. The shareholders' equity increased from the year ended 2022 by 181.88 million baht or equaled to a growth rate of 4.30%. It resulted from retained earnings increased in accordance with a growth of net profit.

4. Debt to Equity Ratio As of June 30, 2023 and December 31, 2022 debt to equity ratio of the Company was 1.14 times and 0.98 times, respectively. It resulted from an increase in liabilities.

Please be informed accordingly

Yours sincerely,

(Ms. Kruakaeo Yerabut)

Chief Financial Officer