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

**Quarterly Ending June 30, 2023**

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Subject Management Discussion and Analysis for the Three and Six-month Period Ended June 30, 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 Six-month Period Ended June 30, 2023 with an executive summary as follows:

- As of June 30, 2023, the Company has 830 branches, increased by 152 branches, or equivalent to 22.4%, from December 31, 2022.
- Loan portfolio (Gross) as of June 30, 2023 is Baht 13,632.2 million, increased by Baht 1,612.1 million, or equivalent to 13.4%, from December 31, 2022.
- Net profit for the Six-month Period Ended June 30, 2023 is Baht 181.5 million or equivalent to net profit margin of 13.6%.
- Credit cost ratio as of June 30, 2023 is 3.0% (as of December 31, 2022: 1.9%).
- Debt to Equity Ratio (D/E) as of June 30, 2023 is 1.7 time (as of December 31, 2022: 1.3 time).

### Company's performance

As to the operating performance for the Three-month Period Ended June 30, 2023, the Company has a total net profit of Baht 80.5 million, decreased from the same period of the previous year by Baht 9.0 million or equivalent to 10.1%.

As to the operating performance for the Six-month Period Ended June 30, 2023, the Company has a total net profit of Baht 181.5 million, increased from the same period of the previous year by Baht 25.4 million or equivalent to 16.3%.

Unit : Million Baht

Income Statement For the Three-month Period Ended June 30,	2023	2022	Change	
			Amount	%
<b>Revenues</b>				
Hire purchase interest income	227.6	219.2	8.4	3.8
Loan interest income	391.4	217.6	173.8	79.9
Fee and service income	64.3	42.9	21.4	49.9
Other income	11.3	11.0	0.3	2.7
<b>Total revenues</b>	<b>694.6</b>	<b>490.7</b>	<b>203.9</b>	<b>41.6</b>
Service and administrative expenses	314.1	237.4	76.7	32.3
<b>Profit from operating activities</b>	<b>380.5</b>	<b>253.2</b>	<b>127.2</b>	<b>50.2</b>
Expected credit losses	127.2	78.2	49.0	62.7
Loss on impairment and disposal of assets	49.9	15.4	34.5	224.0
<b>Profit before finance cost and income tax expenses</b>	<b>203.4</b>	<b>159.7</b>	<b>43.7</b>	<b>27.4</b>
Finance cost	102.8	47.8	55.0	115.1
<b>Profit before income tax expenses</b>	<b>100.6</b>	<b>111.9</b>	<b>(11.3)</b>	<b>(10.1)</b>
Income tax expenses	20.1	22.4	(2.3)	(10.3)
<b>Profit for the period</b>	<b>80.5</b>	<b>89.5</b>	<b>(9.0)</b>	<b>(10.1)</b>
Basic earnings per share (Baht per share)	0.02	0.02		

1. Total revenue for the Three-month Period Ended June 30, 2023 is Baht 694.6 million, increased from the same period of the previous year by Baht 203.9 million or equivalent to 41.6%.

2. Service and administrative expenses for the Three-month Period Ended June 30, 2023 is Baht 314.1 million, increased from the same period of the previous year by Baht 76.7 million or equivalent 32.3%, mainly caused by an increase of employee expenses from the expansion of branches and staff.

3. Expected credit loss for the Three-month Period Ended June 30, 2023 is Baht 127.2 million, increased from the same period of the previous year by Baht 49.0 million or equivalent to 62.7%.

4. Loss on impairment and disposal of assets for the Three-month Period Ended June 30, 2023 is Baht 49.9 million, increased from the same period of the previous year by Baht 34.5 million or equivalent to 224.0%.

5. Finance cost for the Three-month Period Ended June 30, 2023 is Baht 102.8 million, increased from the same period of the previous year by Baht 55.0 million or equivalent to 115.1%.

6. Net profit for the Three-month Period Ended June 30, 2023 is Baht 80.5 million, decreased from the same period of the previous year by Baht 9.0 million or equivalent to 10.1%.

Unit : Million Baht

Income Statement For the Six-month Period Ended June 30,	2023	2022	Change	
			Amount	%
<b>Revenues</b>				
Hire purchase interest income	477.7	430.1	47.6	11.1
Loan interest income	704.1	418.7	285.4	68.2
Fee and service income	128.2	78.9	49.3	62.5
Other income	25.2	24.0	1.2	5.0
<b>Total revenues</b>	<b>1,335.2</b>	<b>951.7</b>	<b>383.5</b>	<b>40.3</b>
Service and administrative expenses	623.9	466.4	157.5	33.8
<b>Profit from operating activities</b>	<b>711.3</b>	<b>485.3</b>	<b>226.0</b>	<b>46.6</b>
Expected credit losses	202.4	174.3	28.1	16.1
Loss on impairment and disposal of assets	94.8	24.3	70.5	290.1
<b>Profit before finance cost and income tax expenses</b>	<b>414.1</b>	<b>286.7</b>	<b>127.4</b>	<b>44.4</b>
Finance cost	187.3	91.6	95.7	104.5
<b>Profit before income tax expenses</b>	<b>226.8</b>	<b>195.1</b>	<b>31.7</b>	<b>16.2</b>
Income tax expenses	45.3	39.0	6.3	16.2
<b>Profit for the period</b>	<b>181.5</b>	<b>156.1</b>	<b>25.4</b>	<b>16.3</b>
Basic earnings per share (Baht per share)	0.05	0.04		

1. Total revenue for the Six-month Period Ended June 30, 2023 is Baht 1,335.2 million, increased from the same period of the previous year by Baht 383.5 million or equivalent to 40.3%.

2. Service and administrative expenses for the Six-month Period Ended June 30, 2023 is Baht 623.9 million, increased from the same period of the previous year by Baht 157.5 million or equivalent to 33.8% due to an increase of employee expenses from the expansion of branches and staff.

3. Expected credit loss for the Six-month Period Ended June 30, 2023 is Baht 202.4 million, increased from the same period of the previous year by Baht 28.1 million or equivalent to 16.1%.

4. Loss on impairment and disposal of assets for the Six-month Period Ended June 30, 2023 is Baht 94.8 million, increased from the same period of the previous year by Baht 70.5 million or equivalent to 290.1%.

5. Finance cost for the Six-month Period Ended June 30, 2023 is Baht 187.3 million, increased from the same period of the previous year by Baht 95.7 million or equivalent to 104.5%.

6. Net profit for the Six-month Period Ended June, 2023 is Baht 181.5 million, increased from the same period of the previous year by 25.4 Million Baht, or 16.3%.

## Company's Financial Position

Unit : Million Baht

Statements of financial position As of	June 30, 2023	December ,31 2022	Change	
			Amount	%
Current assets	4,062.1	3,775.9	286.2	7.6
Non-current assets	9,801.0	8,487.7	1,313.3	15.5
<b>Total assets</b>	<b>13,863.1</b>	<b>12,263.6</b>	<b>1,599.5</b>	<b>13.0</b>
Current liabilities	4,233.4	3,427.1	806.3	23.5
Non-current liabilities	4,457.6	3,592.2	865.4	24.1
<b>Total liabilities</b>	<b>8,691.0</b>	<b>7,019.3</b>	<b>1,671.7</b>	<b>23.8</b>
Total shareholders' equity	5,172.1	5,244.3	(72.2)	(1.4)
<b>Total liabilities and shareholders' equity</b>	<b>13,863.1</b>	<b>12,263.6</b>	<b>1,599.5</b>	<b>13.0</b>

### 1. Total Assets

- As of June 30, 2023, the Company has total assets of Baht 13,863.1 million, increased from the end of the previous year by Baht 1,599.5 million or equivalent to 13.0%, mainly due to the increase of loan portfolio.

### 2. Total Liabilities

- As of June 30, 2023, the Company has total liabilities of Baht 8,691.0 million, increased from the end of the previous year by Baht 1,671.7 million or equivalent to 23.8%, mainly due to the increase of funding.

### 3. Total Equities

- Total as of June 30, 2023 is Baht 5,172.1 million, decreased from the end of the previous year by Baht 72.2 million or equivalent to 1.4% which is a net of net profit for the period and dividend payment from 2022 operating result.

## 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.