

Mitsib 010/2566

November 09, 2023

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

 To: Managing Director  
 The Stock Exchange of Thailand

### 1. Overview of Operations

In the 3<sup>rd</sup> quarter of 2023, the country's economic outlook, including domestic tourism, is beginning to recover. This is a good trend for future business operations in Thailand, including the operations of Mitsib 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 September 30 2023 which are summarized as follows:

Statement of comprehensive income	3Q	2Q	Change	3Q	Change
Unit: Thousand Baht	2023	2023	% Q o Q	2022	% Y o Y
Revenue					
Revenue from sales	95,234	102,761	(7.32%)	76,060	25.21%
Finance income on the net investment in hire purchase contract	43,822	40,238	8.91%	35,621	23.02%
Interest income on factoring	34	33	3.03%	423	(91.96%)
Other income	25,012	26,142	(4.32%)	28,933	(13.55%)
Total Revenue	164,102	169,174	(3.00%)	141,037	16.35%
Expenses					
Cost of sales of goods	85,760	90,946	(5.70%)	68,670	24.89%
Distribution costs	16,974	16,842	0.78%	9,346	81.62%
Administrative expenses	21,852	20,343	7.42%	20,205	8.15%
Expected credit losses	18,450	17,266	6.86%	16,522	11.67%
Total expenses	143,036	145,397	(1.62%)	114,743	24.66%
Profit from operating activities	21,066	23,777	(11.40%)	26,294	(19.88%)
Finance cost	12,152	10,431	16.50%	7,726	57.29%
Share of loss of joint venture	-	-	-	61	(100.00%)
Profit (Loss) before income tax expense	8,914	13,346	(33.21%)	18,507	(51.83%)
Tax expense	2,503	3,831	(34.66%)	1,111	125.29%
Total comprehensive income for the period	6,411	9,515	(32.62%)	17,396	(63.15%)

The net profit the Company for the third quarter of 2023 was reported at 6.41 million Baht, a decrease of 10.99 million Baht or 63.16% (YoY) from the third quarter of 2022. Total operating revenue increased by 16.34% (YoY) this is mainly due to an increase in Revenue from sales of 25.20% (YoY) and Finance income on the net investment in hire purchase contracts increased by 23.02% (YoY) while Cost of sales of goods increased by 24.89% (YoY) Distribution costs increased by 81.50% (YoY) varied with the increase in revenue from sales, whereas finance cost rose 57.18% (YoY) corresponding with rising market interest rate.

Comparing to the second quarter of 2023, the net profit decreased by 3.11 million Baht or 32.67% (QoQ) this was mainly due to a decreased in Revenue from sales by 7.33% (QoQ) while Cost of sales of goods a decrease by 5.71% varied with the revenue from sales, Finance income on the net investment in hire purchase contract increased by 8.90% (QoQ) whereas finance cost rose by 16.49% (QoQ) corresponding with rising market interest rate. Operating expenses increased by 7.42% (QoQ) from the recognition of losses incurred from a joint venture company that closed earlier this quarter.

Statement of comprehensive income	9M	9M	Change	
	2023	2022	Thousand Baht	% YOY
Unit:Thousand Baht				
Revenue				
Revenue from sales	309,432	166,637	142,795	85.69%
Finance income on the net investment in hire purchase	121,301	111,738	9,563	8.56%
Interest income on factoring	306	1,402	(1,096)	(78.17%)
Other income	81,849	64,594	17,255	26.71%
Total Revenue	512,888	344,371	168,517	48.93%
Expenses				
Cost of sales of goods	274,740	156,703	118,037	75.33%
Distribution costs	52,787	23,531	29,256	124.33%
Administrative expenses	63,088	59,343	3,745	6.31%
Expected credit losses	49,169	55,640	(6,471)	(11.63%)
Total expenses	439,784	295,217	144,567	48.97%
Profit from operating activities	73,104	49,154	23,950	48.72%
Finance cost	31,831	23,909	7,922	33.13%
Share of loss of joint venture	-	187	(187)	(100.00%)
Profit (Loss) before income tax expense	41,273	25,058	16,215	64.71%
Tax expense	10,919	2,244	8,675	386.59%
Total comprehensive income for the period	30,354	22,814	7,540	33.05%



### Operating Results for the First 9 Months of 2023

The net profit for the first 9 months of 2023 was reported at 30.35 million Baht, an increase of 32.88% (YoY) from the same period of the previous year. Total operating revenue increased by 48.94% (YoY) this is mainly due to an increase in Revenue from sales by 85.69% (YoY) and Interest income from increased lending by subsidiaries increased by 26.72% (YoY) while Cost of sales of goods increased by 75.33% (YoY), Distribution costs increased by 124.35% (YoY) varied with the increase in revenue from sales, whereas finance cost rose 33.12% (YoY) corresponding with rising market interest rate. While Expected credit loss decrease by 11.61% (YoY) from the same period of the previous year.

### Details of Financial Performance for the Third Quarter of 2023 comparing to the Third Quarter of 2022

Total revenue in the third quarter of 2023, the Group had a total revenue of 164.09 million Baht, an increase by 23.05 million Baht or 16.34% (YoY) from the third quarter of last year due to the following.

- Revenue from sales of 95.23 million Baht, an increase of 19.17 million Baht or 25.20% (YoY) was due to the increase in sales of new and used public vehicles.
- Interest income on hire-purchase contracts of 43.82 million Baht, an increase of 8.20 million Baht or 23.02% (YoY) was due to the increase in lending for public vehicles.

Total expense in the third quarter of 2023, the Group had a total expense of 143.03 million Baht, an increase of 28.29 million Baht or 24.66% (YoY) because of the following:

- Cost of goods sold of 85.76 million Baht, an increase of 17.09 million Baht or 24.89% (YoY) varied with the increase in revenue from sales.
- Distribution costs of 16.97 million Baht an increase of 7.62 million Baht or 81.50% (YoY) varied with the increase in revenue from sales.
- Expected credit losses of 18.45 million Baht, an increase of 1.94 million Baht or 11.75% (YoY) was mainly due to an increase in recognition of loss from the repossession of vehicles.



## Financial Position Analysis

Statement of financial position	As of	As of	Change	As of	Change
	Sep 30,2023	Jun 30,2023	% Q o Q	Dec 31,2022	% YTD
Assets					
Cash and cash equivalents	13,315	15,068	-11.63%	31,999	-58.39%
Hire-purchase receivables, net	1,275,373	1,240,649	2.80%	1,088,186	17.20%
Other loan receivables, net	406,798	370,499	9.80%	371,640	9.46%
Inventories	36,808	57,117	-35.56%	38,941	-5.48%
Investment in joint venture	-	2,631	-100.00%	2,631	-100.00%
Deferred tax assets	9,904	10,561	-6.22%	11,730	-15.57%
Other	56,959	52,486	8.52%	43,291	31.57%
<b>Total assets</b>	<b>1,799,157</b>	<b>1,749,011</b>	<b>2.87%</b>	<b>1,588,418</b>	<b>13.27%</b>
Liabilities and equity					
Liabilities					
Borrowings from financial institutions	719,440	667,479	7.78%	590,460	21.84%
Borrowings from related parties	125,000	125,000	0.00%	120,000	4.17%
Borrowings from other parties	141,370	132,571	6.64%	89,417	58.10%
Other	46,368	63,393	-26.86%	49,832	-6.95%
<b>Total liabilities</b>	<b>1,032,178</b>	<b>988,443</b>	<b>4.42%</b>	<b>849,709</b>	<b>21.47%</b>
Equity	766,979	760,568	0.84%	738,709	3.83%
<b>Total liabilities and shareholders' equity</b>	<b>1,799,157</b>	<b>1,749,011</b>	<b>2.87%</b>	<b>1,588,418</b>	<b>13.27%</b>

Total assets as of September 30, 2023 was 1,799.16 million Baht, an increase of 50.15 million Baht or 2.87% (QoQ) due to:

- Hire-purchase receivables of 1,275.37 million Baht, an increase of 34.72 million Baht or 2.80% (QoQ) due to the increase in hire purchase contracts.
- Other loan receivables of 406.80 million Baht, an increase of 36.30 million Baht or 9.80% (QoQ) due to the increase in Other loan contracts.
- Inventories of 36.81 million Baht, decreased of 20.31 million Baht or 35.56% (QoQ) due to the stock of new public cars has decreased.

Total liabilities as of September 30, 2023 was 1,032.18 million Baht, an increase of 43.74 million Baht or 4.43% (QoQ) was due to:

- Borrowings from financial institutions of 719.44 million Baht, an increase of 51.96 million Baht or 7.78% (QoQ) was due to new loan drawdown during the quarter.
- Borrowings from other parties of 141.37 million Baht, an increase of 8.80 million Baht or 6.64% was due to support the lending of the subsidiary company.

- ▶ Equity as of September 30, 2023 was 766.98 million Baht, an increase of 6.41 million Baht or 0.84% (QoQ) was due to the operating profit of the three-month period ended on September 30, 2023

Yours Sincerely,

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

