



Next Capital

No. NCAP-ACC-2023-04

Next Capital Public Company Limited
163 Thai Samut Building, 15th floor,
Surawongse road, Suriyawongse, Bangrak,
Bangkok 10500

November 10, 2023

Subject Management Discussion and Analysis for the 3-month and 9-month ended September 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 9-month ended September 30, 2023 as follows:

For operating result for the 3-month ended September 30, 2023, Profit owners of the parent was 34.38 million baht compared to net profit of 16.22 million baht in the same period of the previous year. It increased by 18.16 million baht or equaled to a growth rate of 111.96%. The detail is as follows:

(Unit : Million baht)

Statement of Comprehensive Income (Consolidated)	For the 3-month ended		Changes	
	Sep 30, 2023	Sep 30, 2022	Amount	Percentage
Revenue				
Interest income from hire-purchase	393.45	397.55	(4.10)	(1.03)
Interest income from loan	1.07	-	1.07	100.00
Fee and service income	61.46	39.74	21.72	54.66
Other income	51.43	51.07	0.36	0.70
Total revenue	507.41	488.36	19.05	3.90
Expenses				
Selling and administrative expenses	186.33	168.64	17.69	10.49
Expected credit loss	211.97	253.28	(41.31)	(16.31)
Loss on disposals and diminution in value of foreclosed assets	4.78	6.68	(1.90)	(28.44)
Finance costs	60.97	38.98	21.99	56.41
Total expenses	464.05	467.58	(3.53)	(0.75)
Profit before income tax expense	43.36	20.78	22.58	108.66
Income tax expense	(8.98)	(4.56)	(4.42)	96.93
Profit for the period	34.38	16.22	18.16	111.96
Profit owners of the parent	34.38	16.22	18.16	111.96
Basic earnings per share (Baht per share)	0.03	0.01	0.02	200.00

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1. Revenue for the 3-month ended September 30, 2023 was 507.41 million baht compared to revenue of 488.36 million baht in the same period of the previous year. It increased by 19.05 million baht or equaled to a growth rate of 3.90%. This resulted from fee and service income amounting to 61.46 million baht which increased by 21.72 million baht or equaled to a growth rate of 54.66% from insurance service income. While interest income from hire-purchase which consists of interest income deduct commission expense amounting to 393.45 million baht was decreased by 4.10 million baht or equaled to 1.03%. The main reason was an increase in commission expenses when compared to the same period of the previous year. Moreover, interest income from loan amounting to 1.07 million baht from title loan business which started service since April 2023.

2. Total expenses for the 3-month ended September 30, 2023 was 464.05 million baht compared to expenses of 467.58 million baht in the same period of the previous year. It decreased by 3.53 million baht or equaled to 0.75%. It mainly resulted from expected credit loss amounting to 211.97 million baht was decreased by 41.31 million baht or equaled to 16.31%. It resulted from the better overdue ratio when compared with the previous year. Whereas selling and administrative expenses amounting to 186.33 million baht was increased by 17.69 million baht or equaled to 10.49% from personnel expense according to business expansion. Moreover, finance costs amounting to 60.97 million baht was increased by 21.99 million baht or equaled to 56.41% according to the increased of borrowings from financial institutions and bond issuance in August 2023 for business expansion.

For operating result for the 9-month ended September 30, 2023, Profit owners of the parent was 218.03 million baht compared to net profit of 94.53 million baht in the same period of the previous year. It increased by 123.50 million baht or equaled to a growth rate of 130.65%. The detail is as follows:

(Unit : Million baht)

Statement of Comprehensive Income (Consolidated)	For the 9-month ended		Changes	
	Sep 30, 2023	Sep 30, 2022	Amount	Percentage
Revenue				
Interest income from hire-purchase	1,152.99	1,133.40	19.59	1.73
Interest income from loan	1.22	-	1.22	100.00
Fee and service income	179.67	140.51	39.16	27.87
Other income	154.60	158.39	(3.79)	(2.39)
Total revenue	1,488.48	1,432.30	56.18	3.92
Expenses				
Selling and administrative expenses	543.91	534.36	9.55	1.79
Expected credit loss	511.00	651.79	(140.79)	(21.60)
Loss on disposals and diminution in value of foreclosed assets	7.23	7.97	(0.74)	(9.28)
Finance costs	150.40	118.34	32.06	27.09
Total expenses	1,212.54	1,312.46	(99.92)	(7.61)
Profit before income tax expense	275.94	119.84	156.10	130.26
Income tax expense	(57.92)	(25.37)	(32.55)	128.30
Profit for the period	218.02	94.47	123.55	130.78
Profit owners of the parent	218.03	94.53	123.50	130.65
Basic earnings per share (Baht per share)	0.16	0.09	0.07	79.45



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1. Revenue for the 9-month ended September 30, 2023 was 1,488.48 million baht compared to revenue of 1,432.30 million baht in the same period of the previous year. It increased by 56.18 million baht or equaled to a growth rate of 3.92%. This resulted from the continuous increase in new hire-purchase contracts. As a result, the recognition of interest income from hire-purchase amounting to 1,152.99 million baht which increased by 19.59 million baht or equaled to a growth rate of 1.73% and fee and service income amounting to 179.67 million baht which increased by 39.16 million baht or equaled to 27.87% compared to the same period of the previous year. It resulted from an increase in new hire-purchase contracts that affected the fee and service income increasing in the same direction. Moreover, interest income from loan amounting to 1.22 million baht from title loan business which started service since April 2023.

2. Total expenses for the 9-month ended September 30, 2023 was 1,212.54 million baht compared to expenses of 1,312.46 million baht in the same period of the previous year. It decreased by 99.92 million baht or equaled to 7.61%. It mainly resulted from expected credit loss amounting to 511.00 million baht was decreased by 140.79 million baht or equaled to 21.60%. It resulted from the better overdue ratio when compared with the previous year and the yearly adjustment of the expected credit loss calculation model for the year 2023 in accordance with the Company's accounting policy. Whereas finance costs amounting to 150.40 million baht was increased by 32.06 million baht or equaled to 27.09% according to the increased of borrowings from financial institutions and bond issuance in August 2023 for business expansion.

(Unit : Million baht)

Statement of financial position (Consolidated)	As of		Changes	
	Sep 30, 2023	Dec 31, 2022	Amount	Percentage
Assets	9,809.88	8,359.73	1,450.15	17.35
Liabilities	5,359.48	4,129.45	1,230.03	29.79
Equity	4,450.40	4,230.28	220.12	5.20
Debt to equity ratio	1.20	0.98	-	-

1. Total assets Total assets of the Company as of September 30, 2023 was 9,809.88 million baht which increased from the year ended 2022 by 1,450.15 million baht or equaled to a growth rate of 17.35%. The main reason was an increase in hire-purchase receivables. As of September 30, 2023, hire-purchase receivables increased by 1,828.72 million baht or equaled to 24.62% 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 413.81 million baht or equaled to 78.72% compared to the year ended 2022 because the Company used cash as working capital.



2. Total liabilities Total liabilities of the Company as of September 30, 2023 was 5,359.48 million baht which increased from the year ended 2022 by 1,230.03 million baht or equaled to 29.79%. The main reason was long-term borrowings from financial institutions increased by 723.01 million baht. 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 48.82% and 51.18% of total borrowings, respectively. Moreover, the Company also issued bond for business expansion in August 2023, amounting to 451.99 million baht.

3. Equity Equity of the Company as of September 30, 2023 and December 31, 2022 were 4,450.40 million baht and 4,230.28 million baht, respectively. The shareholders' equity increased from the year ended 2022 by 220.12 million baht or equaled to a growth rate of 5.20%. It resulted from retained earnings increased in accordance with a growth of net profit.

4. Debt to Equity Ratio As of September 30, 2023 and December 31, 2022 debt to equity ratio of the Company was 1.20 times and 0.98 times, respectively. It resulted from an increase in liabilities.

Please be informed accordingly

Yours sincerely,

(Ms. Kruakao Yerabut)

Chief Financial Officer