

February 21, 2024

Subject Management Discussion and Analysis for the year ended December 31, 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 year ended December 31, 2023 as follows:

For operating result for the year ended December 31, 2023, Profit owners of the parent was 259.84 million baht compared to net profit of 164.89 million baht in the same period of the previous year. It increased by 94.95 million baht or equaled to a growth rate of 57.58%. The detail is as follows:

(Unit : Million baht)

Statement of Comprehensive Income (Consolidated)	For the year ended		Changes	
	Dec 31, 2023	Dec 31, 2022	Amount	Percentage
Revenue				
Interest income from hire-purchase	1,540.63	1,510.82	29.81	1.97
Interest income from loan	2.54	-	2.54	100.00
Fee and service income	237.49	180.11	57.38	31.86
Other income	202.77	230.92	(28.15)	(12.19)
Total revenue	1,983.43	1,921.85	61.58	3.20
Expenses				
Selling and administrative expenses	691.93	670.80	21.13	3.15
Expected credit loss	736.80	875.03	(138.23)	(15.80)
Loss on disposals of foreclosed assets	14.60	7.84	6.76	86.22
Finance costs	216.26	158.49	57.77	36.45
Total expenses	1,659.59	1,712.16	(52.57)	(3.07)
Profit before income tax expense	323.84	209.69	114.15	54.44
Income tax expense	(64.01)	(44.87)	(19.14)	42.66
Profit for the period	259.83	164.82	95.01	57.64
Profit owners of the parent	259.84	164.89	94.95	57.58
Basic earnings per share (Baht per share)	0.19	0.14	0.05	33.64

1. Revenue for the year ended December 31, 2023 was 1,983.43 million baht compared to revenue of 1,921.85 million baht in the same period of the previous year. It increased by 61.58 million baht or equaled to a growth rate of 3.20%. This resulted from the continuous increase in new hire-purchase contracts. As a result, the recognition of interest income from hire-purchase amounting to 1,540.63 million baht which increased by 29.81 million baht or equaled to a growth rate of 1.97% and fee and service income amounting to 237.49 million baht which increased by 57.38 million baht or equaled to a growth rate of 31.86% compared to the same period of the previous year. Moreover, interest income from loan amounting to 2.54 million baht from title loan business which started service since April 2023.

2. Total expenses for the year ended December 31, 2023 was 1,659.59 million baht compared to expenses of 1,712.16 million baht in the same period of the previous year. It decreased by 52.57 million baht or equaled to 3.07%. It mainly resulted from expected credit loss amounting to 736.80 million baht was decreased by 138.23 million baht or equaled to 15.80%. It resulted from the better overdue ratio when compared with the previous year and 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 216.26 million baht was increased by 57.77 million baht or equaled to 36.45% according to the increased of borrowing from financial institutions and debentures issuance in August 2023 for business expansion.

(Unit : Million baht)

Statement of financial position (Consolidated)	As of		Changes	
	Dec 31, 2023	Dec 31, 2022	Amount	Percentage
Assets	10,078.71	8,359.73	1,718.98	20.56
Liabilities	5,612.20	4,129.45	1,482.75	35.91
Equity	4,466.51	4,230.28	236.23	5.58
Debt to equity ratio	1.26	0.98	-	-

1. Total assets Total assets of the Company as of December 31, 2023 was 10,078.71 million baht which increased from the year ended 2022 by 1,718.98 million baht or equaled to a growth rate of 20.56%. The main reason was an increase in hire-purchase receivables. As of December 31, 2023 hire-purchase receivables increased by 1,857.85 million baht or equaled to 25.01% 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 184.95 million baht or equaled to 35.19% compared to the year ended 2022 because the Company used cash as working capital.

2. Total liabilities Total liabilities of the Company as of December 31, 2023 was 5,612.20 million baht which increased from the year ended 2022 by 1,482.75 million baht or equaled to 35.91%. The main reason was long-term borrowings from financial institutions increased by 966.11 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 47.70 % and 52.30% of total borrowings, respectively. Moreover, the Company also issued debentures for business expansion in August 2023, amounting to 452.36 million baht.



3. Equity Equity of the Company as of December 31, 2023 and December 31, 2022 were 4,466.51 million baht and 4,230.28 million baht, respectively. The shareholders' equity increased from the year ended 2022 by 236.23 million baht or equaled to a growth rate of 5.58%. It resulted from retained earnings increased in accordance with a growth of net profit.

4. Debt to Equity Ratio As of December 31, 2023 and December 31, 2022 debt to equity ratio of the Company was 1.26 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