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Management Discussion and Analysis (MD&A)

Yearly Ending December 31, 2023



Subject Management Discussion and Analysis for the Year Ended December 31, 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 Year Ended December 31, 2023 with an executive summary as follows:

- As of December 31, 2023, the Company has 872 branches, increased by 194 branches, or equivalent to 28.6%, from December 31, 2022.
- Loan portfolio (Gross) as of December 31, 2023 is Baht 15,099.5 million, increased by Baht 3,079.4 million, or equivalent to 25.6%, from December 31, 2022.
- Net profit for the Year Ended December 31, 2023 is Baht 422.0 million or equivalent to net profit margin of 14.7%.
- Credit cost ratio as of December 31, 2023 is 2.7% (as of December 31, 2022: 1.9%).
- Debt to Equity Ratio (D/E) as of December 31, 2023 is 1.9 time (as of December 31, 2022: 1.3 time).

Company's performance

As to the operating performance for the Year Ended December 31, 2023, the Company has a total net profit of Baht 422.0 million, decreased from the previous year by Baht 39.1 million or equivalent to 8.5%.

Unit : Million Baht

Income Statement For the Year Ended December 31,	2023	2022	Change	
			Amount	%
Revenues				
Hire purchase interest income	864.0	924.0	(60.0)	(6.5)
Loan interest income	1,691.6	937.4	754.2	80.5
Fee and service income	254.7	197.6	57.1	28.9
Other income	67.4	65.4	2.0	3.1
Total revenues	2,877.7	2,124.4	753.3	35.5
Service and administrative expenses	1,233.2	1,000.5	232.7	23.3
Profit from operating activities	1,644.5	1,123.9	520.6	46.3
Expected credit losses	413.0	230.1	182.9	79.5
Loss on impairment and disposal of assets	265.1	99.9	165.2	165.4
Profit before finance cost and income tax expenses	966.4	793.9	172.5	21.7
Finance cost	441.4	219.0	222.4	101.6
Profit before income tax expenses	525.0	574.9	(49.9)	(8.7)
Income tax expenses	103.0	113.8	(10.8)	(9.5)
Profit for the year	422.0	461.1	(39.1)	(8.5)
Basic earnings per share (Baht per share)	0.11	0.12		

1. Total revenue for the Year Ended December 31, 2023 is Baht 2,877.7 million, increased from the previous year by Baht 753.3 million or equivalent to 35.5%.

2. Service and administrative expenses for the Year Ended December 31, 2023 is Baht 1,233.2 million, increased from the previous year by Baht 232.7 million or equivalent 23.3%, mainly caused by an increase of employee expenses from the expansion of branches and staff.

3. Expected credit loss for the Year Ended December 31, 2023 is Baht 413.0 million, increased from the previous year by Baht 182.9 million or equivalent to 79.5%.

4. Loss on impairment and disposal of assets for the Year Ended December 31, 2023 is Baht 265.1 million, increased from the previous year by Baht 165.2 million or equivalent to 165.4%.

5. Finance cost for the Year Ended December 31, 2023 is Baht 441.4 million, increased from the previous year by Baht 222.4 million or equivalent to 101.6%.

6. Net profit for the Year Ended December 31, 2023 is Baht 422.0 million, decreased from the previous year by Baht 39.1 million or equivalent to 8.5%.

Company's Financial Position

Unit : Million Baht

Statements of financial position As of	December 31, 2023	December 31, 2022	Change	
			Amount	%
Current assets	4,558.9	3,775.9	783.0	20.7
Non-current assets	11,114.3	8,487.7	2,626.6	30.9
Total assets	15,673.2	12,263.6	3,409.6	27.8
Current liabilities	4,539.3	3,427.1	1,112.2	32.5
Non-current liabilities	5,717.8	3,592.2	2,125.6	59.2
Total liabilities	10,257.1	7,019.3	3,237.8	46.1
Total shareholders' equity	5,416.1	5,244.3	171.8	3.3
Total liabilities and shareholders' equity	15,673.2	12,263.6	3,409.6	27.8

1. Total Assets

- As of December 31, 2023, the Company has total assets of Baht 15,673.2 million, increased from the end of the previous year by Baht 3,409.6 million or equivalent to 27.8%, mainly due to the increase of loan portfolio.

2. Total Liabilities

- As of December 31, 2023, the Company has total liabilities of Baht 10,257.1 million, increased from the end of the previous year by Baht 3,237.8 million or equivalent to 46.1%, mainly due to the increase of funding.

3. Total Equities

- Total Equities as of December 31, 2023 is Baht 5,416.1 million, increased from the end of the previous year by Baht 171.8 million or equivalent to 3.3% which is a net of net profit for the year 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 Management Discussion and Analysis. For the year 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. The Company received an evaluation of the Green Office Project for the year 2023 from the Ministry of Natural Resources and Environment at a very good level.

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.