



21 February 2025

LIT 2025/003

Topic Operating Result for year ended 31 December 2024

To The President of the Stock Exchange of Thailand

According to the resolution of the Board of Directors Meeting of Lease IT Public Company Limited No.2/2025, on 21st February 2025, the Financial Statements and overall operations of the Company for the year ended 31 December 2024 which has been reviewed by the auditors of EY Office Limited.

Thai economy is affected by both internal and external factors. It still affects the overall economic picture of the country, causing the economic expansion rate to remain lower than the target which impacted household and business spending and delayed the recovery of economic activities. Lease IT Public Company Limited is to be an alternative source of financing outside the financial institution sector (Non-Bank) supporting Small and medium-sized enterprises (SMEs) who work for the government sector and private sector to access funding sources. The Company continues to focus on customers' business needs through offering financial products. Our customers could run projects again after the lockdown period, by the way, customers also are impacted from economic slowdown both abroad and domestic. Economic expansion in the country has slowed down. Stimulating the economy in both the public and private sectors has not yet been fully implemented. Especially the impact of customers who depend on government budgets having to slow down. This is because the government budget has not been able to be disbursed as usual in the past period. The cost of interest and household debt are continually rising. As a result, the finance amount decreased in first half year that directly affect the revenue for the year 2024, For the third quarter, the Company recorded large amount of Expected Credit Loss (ECL) which align with collection process and result of litigations have more clear conclusions for former NPLs that was affected from Covid-19 pandemic, So, the Company had to recorded ECL in this quarter that following Thai Financial Reporting Standard No.9 (TFRS9) which determines adjustment of economic future forecast based (Looking Forward). According to improvement of credit quality, new NPLs significant decrease base on new financing of the year. This is to comply with the policy of prudent and carefully adjusted business strategic plans to cope with the impact of this situation as follows:

Industry and Strategy

The trend of competition in the banking industry and non-bank financial institutions continues to be under pressure from the impact of economic expansion affected by various factors such as inflation, higher cost of fund and unable to fully recovery in the economic. During such challenges, the Company has to adjust its competitive strategies to cope with the situation and to maintain its performance in accordance with the current industry trends and for sustainable growth in the future. The Company has generated income for varies product to create stability in the organization, customer satisfaction, elevating work processes, building corporate credibility and awareness as follows:

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- 1) Upgrade marketing with a Digital Platform to meet the needs of the new-generation customers and respond to the growth of the digital world in the future. The Company has focused on developing IT systems and using digital marketing tools to reach the target customers of the Company in order to get more targeted customers and offer the company's financial products to the right customers as well as create reliable and well-known brand among users through social media and maximize customer database usage for cross-selling.
- 2) Focus on financing to customers who are government suppliers to reduce the risk of non-performing loans (NPLs) under the current situation, the Company continues to focus on providing loans to government and state enterprises suppliers because the government always has the ability to pay which make the credit risk lower than lending to small and medium-sized enterprises (SMEs) who are private sector suppliers by using digital marketing. The Company also join event which organized by private sector and government.
- 3) Focus on financing in low-risk financial products such as Factoring, Hire Purchase, and Financial Lease to reduce the risk of non-performing loans (NPLs) and to reduce concentration by industries
- 4) Focus on trendy industries sector for new customers that finance on Project Backup Finance with collateral under risk management and also support in short term project for cost management. As well as developing tools to manage credit risk in each customer group.
- 5) Focus on retaining existing customers to builds customer brand loyalty by enhancing customer satisfaction through loyalty program to stimulate transactions and build sustainable customer relationship. Create a loyalty program to encourage customers to use more services and build long-term good relationships, including building good relationships with customers by visiting and exchanging views on business operations with the company's executives to support customer growth.
- 6) The company has a complete range of financial products to meet the needs of SMEs entrepreneurs, especially those working for government agencies from the beginning to the end of the project with a business growth advisor who could offer financial products that are appropriate and consistent with the business of customers.
- 7) The Company has developed new financial products to meet the business demand and to support customers' business operations that have changed according to economic conditions and market competition as well as the behaviour of the customers change for generate income and business opportunities from new customers.
- 8) Focus on increased allowance Expected Credit Losses (ECL) that affected from the COVID-19 pandemic pressure in many industries, resulting in a decrease in liquidity of the customers which varies according to the risk and quality of customer at any moment. However, ECL stilling recorded following Thai Financial Reporting Standard No.9 (TFRS9)

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Credit Risks

The situation of uncertainty during the economic slowdown has affected SMEs, causing an increase in non-performing loans especially in high risk industry. The Company had to carefully manage its risks while maintaining its performance under the careful selecting of customers, close monitoring and proactively assisting some customers facing the crisis. The company has assisted its clients during this crisis by bringing them into a suitable debt restructuring plan to enable them to survive in the business in long term and have the ability to repay the Company's debts. In this regard, the Company has taken steps to improve credit quality as follows:

- 1) The company has upgraded the screening of customers and debtors in order to select real potential customers who have strong debt repayment ability and has continuously adjusted the frequency of reviewing the debt repayment capability of customers and debtors. Moreover, the Company also reviewed the process of rights to receive payment transferring and debt collection depend on situation. The Company also closely monitors customer behavior and signal in order to prevent non-performing debts (NPLs) in the future.
- 2) The company has managed the spread of the loan portfolio in each industry to not exceed 25% in order to be in line with the industrial risk management plan to be more efficient, including visiting old customers of the company. To follow up on the progress of customers' business operations.
- 3) The Company continues to limit financing to new customer who construction business as it has high risk but focuses on a group of business that has lower risk and still grows in current situation such as a medical equipment and service business etc.
- 4) The company development of risk management tools in various dimensions, e.g. more expertise in credit consideration, analysis of customer data in different dimensions, assessing the risks of each group of customers through appropriate Risk Based Pricing for each customer.

Profitabilities

- 1) The Company focuses on financial cost management which are the main cost and also focused on managing cash flow in order to minimize financial cost. Moreover, The Company continues to focus on managing the company's funding sources to be in line with the company's cash inflows and manage interest rates that are appropriate to the current situation.
- 2) The Company focuses on Non-Performing Loans (NPLs) management by assisting customers to repay debt in accordance with their liquidity to reduce the Allowance for Expected Credit Losses on Non-Performing Loans. This is due to the Company's policy to achieve performance under acceptable risk.
- 3) The company has reinforced the debt collection and tracking team. To expedite debt repayment from distressed debtors who have arisen closely including hiring the company to track down additional external debts. With the goal of increasing the ability to collect debt (Recovery Rate) higher. In addition, the Company establish a working group to closely monitor and resolve the company's debts
- 4) The company has a policy focusing on controlling unnecessary operating expenses. As well as efforts to develop and improve work processes to be more efficient in order to reduce costs. Including creating an information system to bring data to analyze in various dimensions in order to control and reduce errors. Including using the information

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to benefit in generating income with target customers to reduce costs. and control the loan service process more efficiently. Including developing personnel to have knowledge more expertise This increases efficiency and controls risks in various dimensions effectively.

- 5) The company focuses on building growth with a strategy to find new target customers. From adjusting the form of financial products and launching new financial products to expand the market to new customer groups that can generate higher income and returns for the Company and to diversify the Company's credit portfolio risk appropriately, Especially expanding the loan portfolio to more secured loan groups. including building a good relationship with the Company. business partner in order to extend and seek business opportunities in the future

Consolidated financial performance of the Company for year ended 31 December 2024 in comparison with the corresponding last year ended 31 December 2023

(หน่วย:พันบาท)	งบการเงินรวม			
	2567	2566	ส่วนเปลี่ยนแปลง	
			จำนวน	%เปลี่ยนแปลง
Interest Income	77,150	69,101	8,049	11.6%
Fees and service incomes	27,416	30,031	(2,615)	(8.7%)
Other income	7,824	10,983	(3,159)	(28.8%)
Total revenues	112,390	110,115	2,275	2%
Service expense	23,089	23,359	(270)	(1.2%)
Administrative expense	71,676	73,873	(2,197)	(3.0%)
Expected credit losses	401,388	105,195	296,193	282%
Total expenses	496,153	202,427	293,726	145%
Operating Loss before finance cost and tax	(383,763)	(92,312)	(291,451)	316%
Finance cost	(31,060)	(37,722)	6,662	(17.7%)
Loss before income tax expenses	(414,823)	(130,034)	(284,789)	219%
Income tax revenues (expenses)	(35,036)	12,422	(47,458)	(382.0%)
Loss for the year	(449,859)	(117,612)	(332,247)	282%

1. Revenues

Total revenue for the year ended 31 December 2024 consists of interest income, fees and service income, and other income at the proportion of 68.6%, 24.4%, and 7.0% respectively, which revenue from interest and fee income are majority of the Company's revenue. Total revenue increased about 2.3 million baht or 2% from focusing new customer and installment sales.

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Interest incomes

Interest Income (Unit: Thousand Baht)	Consolidate Financial Statement				Change	
	2024	%	2023	%	Amount	%
- Installment Sales	20,169	26.1%	9,599	12.4%	10,570	110.1%
- Loan contracts	9,460	12.3%	9,436	12.2%	24	0.3%
- Factoring contracts	40,004	51.9%	45,177	58.6%	(5,173)	(11.5%)
- Finance lease contracts	1,302	1.7%	2,961	3.8%	(1,659)	(56.0%)
- Hire-purchase contracts	409	0.5%	1,373	1.8%	(964)	(70.2%)
- Term Loan	5,791	7.5%	544	0.7%	5,247	964.5%
- Personal Loans	15	0.0%	11	0.0%	4	36.4%
Total	77,150	100.0%	69,101	89.6%	8,049	11.6%

For the year ended 31 December 2024, the interest income from short-term loans consists of factoring contracts, Loan contracts, and installment sales have total interest income of 69.6 million baht or 90.3% and interest income from long-term loans is finance lease, hire-purchase and term loan contracts have total interest income of 7.5 million baht or 9.7% while in the previous year the percentage of interest income from short-term loans is 92.9% and 7.1% from long-term loans, since the Company focus on short-term loans for risk management and liquidity.

The interest incomes are mainly from factoring contracts. For the year 2024 and 2023, the interest income from factoring contracts has portion 51.9% and 58.6%, respectively which the Company has more focus on low-risk product and high liquidity to reduce new NPL from new financing. For interest of loan contract, slightly increased because the product is higher risk so the Company has to focus and control risk in each project.

Interest from installment sales increased 10.6 million baht from last year due to increasing of sales volumn after upgrade application in the beginging of the year 2024.

In the year 2024, term loan increased 5.2 million baht from last year because the product launched in Q4'2024 which it long term for support customer business under collateral.

A decrease in financing amount was mainly from customer who deal with government that effected from awaiting budget allocation in the first half of year and start allocate budget in the third quarter and also from the intensity before lending and consideration of risk by industries. So, size portfolio decreaased, resulting in a decrease in interest income. It comes from In addition, the overall of the economy in various industries and severe inflation, goods and wages higher. This directly affects the liquidity of SMEs, which are the company's main customers, they take longer period to recover than large companies. So, the Company had to reserved provision which align to risk and quality of customers, the Company also closes monitoring progression of each projects and carefully financing to reduce NPLs by new financing.

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Fees and service incomes

Fees and service incomes (Unit: Thousand Baht)	Consolidate Financial Statement				Change	
	2024	%	2023	%	Amount	%
- Loan contracts	8,524	31.1%	6,500	21.6%	2,024	31.1%
- Factoring contracts	15,662	57.1%	21,770	72.5%	(6,108)	(28.1%)
- Finance lease contracts	44	0.2%	18	0.1%	26	144.4%
- Hire-purchase contracts	14	0.1%	39	0.1%	(25)	(64.1%)
- Term Loan	2,383	8.7%	900	3.0%	1,483	164.8%
- Letter of guarantees	674	2.5%	800	2.7%	(126)	(15.8%)
- Others	115	0.4%	4	0.0%	111	2775.0%
Total	27,416	100.0%	30,031	100.0%	(2,615)	(8.7%)

For the year 2024, revenue from fees and service incomes decreased about 2.6 million baht or 8.7% compared to the previous year. Factoring fee decreased 6.1 million baht due to lower transaction in the first half of the year. Loan contracts fees increased 2.0 million baht from find new target customers. Meanwhile, fee and service income from term-loan increased 1.5 million baht since it was new products.

2. Expected Credit Losses

For the year, The Company had expected credit losses (ECL) of 401.4 million baht .The main reason was from penetration among constructions industry in 2019 since the Company saw opportunity for growth from constructions. But Covid-19 pandemic huge affected to them, they had to spend on cost and overhead to completed project, in addition, completion period also extended due to lockdown policy and labour shortage. So, our clients lack of liquidity then increase NPLs. After that, the company therefore places importance on industry diversification in order to spread the risk so that such an event does not happen again, In addition, there are many factors that are difficult to control both externally, such as the overall market, competition, and the economy that has not yet recovered. Affecting the recovery of SMEs customers, which takes a long and difficult time.

An increase of ECL was from The results of debt collection from both the debt collection team and from outsource debt collection company. Including the process of carrying out the project, the results are beginning to be seen more clearly. So, the Company has to reserve ECL accordance with TFRS9 which reserve align with quality and risk of current situations. However.The company is still following up on debt collection. Negotiate and reconcile the debt until the end to reduce the damage as much as possible.

For the year 2024, the Company written-off AR about 470.7 million so, allowance ECL to total port ration increased from 42.4% in 2023 to 48.3% in 2024 and allowance ECL to NPLs increased from 65.2% in 2023 to 77.3% in 2024.

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However, the company has a policy to prevent, control and correct the lending process to make it more quality. both in changing risk analysis methods Modifying credit approval authority to be more appropriate. Focusing on low-risk products, portfolio management by industry and eliminating financing in complex industries in order to minimize the damage of new loans. As a result to new NPLs was 1% of new finance amount since 2023. In addition, the company also added collection teams and procurement of outsource debt collection company to expedite the problem of non-performing debtors (NPLs).

3. Finance Cost

Finance cost decreased about 6.7 million baht or 17.7% due to the reduction in the outstanding balance of debentures.

4. Income tax expenses

The Company had Income tax expense of 35.0 million baht. According to write-off DTA about 36.8 million baht since the Company forecast un-utilised DTA on ECL ontime in the future.

5. Net loss

The Company had a loss of 449.9 million baht compared with a prior year which had a loss of 117.6 million baht due to a significant increase of reserved ECL about 401.4 million baht align with increase of NPLs. In addition, there was write-off DTA about 36.8 million baht from un-utilised DTA on ECL ontime in the future.

Liquidity and Cash Flow

The Company had cash-out flow from operating activities about 107.7 million from expand Port in instalment sales, Factoring and Long-term loan under collecteral. There was cash-in flow from investing activities form sales trading securities during the year 90.4 million baht from short-term investment effected to cash and cash-equivalent decreased 21.5 million baht when compared with last year.

Current ratios as of 2023 and 2024 was 1.98 and 5.13, respectively. An increase was from issued debenture in May 2024 with due over 1 year, in addition, the Company also manage port and liability appropriately for cash and cost management.

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Consolidated financial position of the Company as of 31 December 2024 in comparison with that as of 31 December 2023.

Assets

Total assets as of the year 2024 were 989.0 million baht, compared with the year ended 2023 which has total assets of 1,424.5 million baht which caused by Write-off NPLs about 470.7 million baht then net AR decreased about 291.7 million Baht. Moreover, other financial assets about 80.1 million baht from expanding AR about 131.5 million Baht

Liabilities

Total liabilities as of the year 2024 were 448.0 million baht, increased about 14.3 million baht when compared with the year ended 2023 which has total liabilities of 433.7 million baht which increased from account payable due to increasing of sale volumn.

IBD to equity as of 2023 and 2024 was 0.36 and 0.67, respectively. An increase was from net loss which affected to equity. By the way, the ratio remains low because the company still has a strong capital structure. and manage funding sources in line with lending to ensure efficient cash flow management.

ICR as of 2023 and 2024 was (2.2) and (12), respectively, due to largely reserved ECL during the year, So the Company has negative EBITDA which mean operation could not pay interest. However, the company still has the ability to manage cash flow to maintain a liquidity balance sufficient to pay off debt and be able to operate from conservative financing policy, rapidly debt collction and appropriate size of loan.

Equity

Equity decreased from the year 2023 about 449.9 million baht due to net loss of current year.

Please be informed accordingly.

Best regards,



(Mr. Alongkot Boonmasuk)

Director and Chief Executive Officer

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