



No. GL 22/2020

August 14<sup>th</sup>, 2020

Subject: Clarification for the operating result of Q2/2020 (Reviewed)

Attention: The President  
The Stock Exchange of Thailand

Duplicate: The Secretary General  
The Securities and Exchange Commission

Group Lease Public Company Limited (“the Company or GL”) would like to clarify the operating result for the Q2/2020 for the consolidated and separate financial statements as follow:

### **Consolidated Financial Statements**

The Company reported reviewed operating results for Q2/2020, with consolidated net profit of Baht 55.05 million, increase of Baht 56.85 million from the net loss of Baht 1.80 million in Q2/2019, resulting from a decrease expenses by an amount greater than a decrease in revenues.

1. GL’s consolidated hire purchase interest income was Baht 365.32 million, decreased by Baht 87.17 million or 19% compared to Q2/2019. The breakdown of hire purchase interest income can be explained by:
  - GL (Thailand) showed a decrease of Baht 57.85 million or 18%, resulting from the new conservative strategy to decrease portfolio and improve the quality of the portfolio.
  - GLF Finance Plc. (Cambodia) showed a decrease of Baht 13.30 million or 16%, resulting from the new conservative strategy to decrease portfolio in Cambodia by tightening our screening of potential customers to improve loan quality.
  - Thanaban Company Limited “TNB” (Thailand) showed a decrease of 9.82 million or 30%.
  - GL Leasing (Lao) Ltd showed a decrease of Baht 4.18 million or 20%, resulting from the mix product between automotive/Honda.
  - PT Group lease Indonesia (GLFI) showed a decrease of Baht 2.02 million, mainly from the discontinuation of this joint operation due to current dispute with partner in Indonesia.
2. Loan interest income was Baht 25.25 million, decreasing by Baht 4.16 million or 14%, resulting from the decrease in portfolio of TNB.
3. Microfinance interest income was Baht 44.66 million, slightly increasing by Baht 1.19 million or 3%, compared to the same period last year.
  - BG Microfinance Myanmar Co.,Ltd. (BGMM) recorded Microfinance interest income of Baht 36.26 million in Q2/2020, increasing Baht 2.12 million or 6%.



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GROUP LEASE PUBLIC COMPANY LIMITED

- PT Group lease Indonesia (GLFI) recorded Microfinance interest income of Baht 7.13 million in Q2/2020, decreasing Baht 2.19 million or 24%, mainly from the decreasing in microfinance portfolio operated by GLFI without joint financing.
  - GL Leasing (Lao) Ltd recorded Microfinance interest income of Baht 1.27 million in Q2/2020.
4. Hire purchase service fee income was Baht 19.99 million, decreased by Baht 2.65 million or 12%, mainly from increasing number of contracts. Hire purchase service fee income relates to operational leasing services provided by GL-AMMK (Myanmar subsidiary) in partnership with Century Finance (Myanmar financial institution).
  5. Other income related to the activities of hire purchase decreased by Baht 5.51 million or 9%, mainly resulting from no penalty charge during a 3-month grace period of on-going relief programs to assist for customers impacted by the COVID-19.
  6. Other income related to the activities of microfinance decreased by Baht 1.23 million or 51%, mainly resulting from no penalty charge during a 3-month grace period of on-going relief programs to assist for customers impacted by the COVID-19.
  7. Gain on exchange rate was Baht 55.25 million, mainly resulting from the revalue of USD liabilities when depreciation of the USD, comparing from Q1/2020 to Q2/2020.
  8. GL's consolidated service and administrative expenses totaled Baht 252.80 million, decreasing by Baht 47.55 million or 16%, when compared to Q2/2019, mainly from decreasing of legal fee by Baht 14.21 million or 32%, decreasing of rental office and depreciation and amortization expenses by Baht 11.95 million or 49%, decreasing of payroll expense by Baht 8.51 million or 5%, and decreasing of impairment assets foreclosed by Baht 6.55 million, showing the efficient cost management.
  9. Expected credit loss and loss arising from derecognition & bad debts and doubtful accounts increased by Baht 22.10 million or 19%, mainly resulting of an increase in provision expense by Baht 24.50 million and a decrease in written-off bad-debt expense by Baht 2.40 million.
  10. There was a decrease in loss on disposal of foreclosed asset from Baht 71.73 million to Baht 69.41 million representing a decrease of Baht 2.32 million or 6%, which resulted from a lower repossession unit during Q2/2020.
  11. Share of profit from a 29.99% ownership of Commercial Credit and Finance PLC "CCF" which is an associated company in Sri Lanka, was Baht 12.09 million, increasing by Baht 42.89 million or 139% from net loss of Baht 30.79 million in Q2/2019, mostly due to a GAAP adjustment in Q2/2019.
  12. GL's consolidated finance cost was Baht 60.35 million, decreased by Baht 36.45 million or 38% from last year, resulting from the repayment of USD 20-million-convertible-debenture in Q2/2020 and the repayment of THB bond in Q3/2019.



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GROUP LEASE PUBLIC COMPANY LIMITED

## **Separate Financial Statements**

The company reported the net profit of Baht 106.70 million in Q2/2020, increasing from net profit of Baht 89.79 million in Q2/2019, which are resulted from the major factors as follows:

1. The hire-purchase interest income decreased by Baht 57.85 million or 18% from Baht 313.86 million in Q2/2019 to Baht 256.01 million in Q2/2020, resulting from the new conservative strategy to decrease portfolio and improve the quality of the portfolio.
2. Other interest income decreased from Baht 97.19 million to Baht 73.17 million, representing a decrease by Baht 24.02 million or 25%, because of a decrease amount of loan to subsidiary.
3. Management fee increased by Baht 4.5 million, mainly from increasing management fee charges to Thanaban Company Limited “TNB” (Thailand)
4. Other income related to the activities of hire purchase decreased by Baht 4.27 million or 13%, resulting from no penalty charge during a 3-month grace period of on-going relief programs to assist for customers impacted by the COVID-19.
5. Gain on exchange rate was Baht 85.52 million, mainly resulting from the revalue of USD liabilities when depreciation of the USD, comparing from Q1/2020 to Q2/2020.
6. Service and administrative expenses was Baht 129.10 million, decreasing by Baht 32.09 million or 20% compare to same period last year, mainly from decreasing of legal fee by Baht 13.02 million or 39%, decreasing of payroll expense by Baht 8.37 million or 9%, and decreasing of impairment assets foreclosed by Baht 9.64 million, showing the efficient cost management.
7. Expected credit loss and loss arising from derecognition & bad debts and doubtful accounts were Baht 105.30 million, increasing by Baht 20.83 million or 25% compare to Q2/2019, which resulted from the written-off bad-debt expense increased by Baht 3.58 million or 5% and the overall provision expense increased by Baht 17.25 million.
8. Loss on disposal of foreclosed assets was Baht 64.32 million, increasing by Baht 2.31 million or 4% as auction prices dropped in Q2/2020.
9. Finance cost was Baht 57.70 million, decreased by Baht 37.14 million or 39% from Q2/2019, resulting from the repayment of USD 20-million-convertible-debenture in Q2/2020 and the repayment of THB bond in Q3/2019.

Please be informed accordingly.

Yours sincerely,

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(Mr. Tatsuya Konoshita)

Director