



TK. 049/2565

8 November 2022

Subject: Report of performance results for Q3/2022, net profit decreased 53.7% and total revenue increased 4.7%

Attention: President

The Stock Exchange of Thailand

Thitikorn Public Company Limited and its subsidiaries announced the operating performance for Q3/2022. The net profit was 60.1 million baht which declined by 53.7% from 129.8 million baht compared to the same period last year, and the total revenue was 498.4 million baht increased by 4.7% from 476.2 million baht compared to the same period last year.

In 2022, the Bank of Thailand forecasts Thai economy will grow by 3.3%, in line with growth in the tourism sector, export sector and private consumption. Thai tourism is recovering since the easing of the COVID-19 outbreak. It was estimated that Thailand will have 10 million foreign visitors this year, which is an increase from last year's 0.4 million travelers and also encourages domestic employment and consumption. The export sector grew by 10.6% throughout the nine months compared to the same period last year, which expanded for 19 consecutive months as the export of automobiles, computers and electronic products increased and the semiconductor chip shortage problem became lessened. Inflation in 2022 is expected to be 6.3%, but it tends to reduce next year due to the reduction of global oil prices and the recovery of supply chain issues.

For 2023, the Thai economy is expected to grow less than 2022 as it still facing negative factors such as higher energy and electricity cost, rising of labor wages, higher prices of imported products, an increase in policy interest rate as well as rising of energy price; moreover, Thai government loosened the economic stimulus measures to balance the policy while the global economy is facing recession risk as a result of high inflation. As a result, the central bank of many countries must increase its policy interest rate higher and longer than it has expected, especially in the US while the EU zone continues to suffer from severe shortage of energy and high energy price. Therefore, Thitikorn Plc. still has to be cautious with its business expansion and more stringent in hire-purchasing policies.

In the third quarter of 2022, the motorcycle market in Thailand sold 458,815 units, an increase of 38.7% from 330,704 units in the same period last year, and the total of nine-month motorcycle sales was 1,369,531 units, an increase of 13.7% from 1,204,745 units in the same period last year. In addition, the total of automobile sales in the third quarter of 2022 was 206,391 units, an increase of 30.0% from 158,740 units while total nine-month of 2022

automobile sales were 633,694 units, an increase of 19.1% from 531,931 units in the same period last year. This directly has an effect on the company in the following subjects:

1. Total revenue for Q3/2022 was 498.4 million baht, or a 4.7% increased from 476.2 million baht in the same period last year. The hire-purchase income for Q3/2022 was 381.5 million baht, or a 16.4% increased from 327.7 million baht in the same period last year due to the company's policy to increase sales as well as the interest income will be recognized at a higher rate at the beginning of the contract.

Other income for Q3/2022 was 122.3 million baht, or a 13.0% decreased from 140.6 million baht compared to the same period last year, due to the lower bad debt repayment on the bad debt write-off proportion as a result of the better quality of debt, while the collection fee revenue reduced after the Debt Collection Act was effected on September 8, 2021.

2. Total expense for Q3/2022 was 381.9 million baht, a 24.9% increased from 305.8 million baht in the same period last year. Total administrative fee in this quarter was 279.9 million baht, a 9.1% increased from 256.6 million baht in the same period last year. The reasons include:

2.1 The policy on expansion of sales caused a rise in market costs for spending on promotion and marketing. The company has a policy to record all marketing expenses immediately.

2.2 Loss from impairment of account receivable increased since the company has the policy of increasing the sales, causing an increase in the number of hire purchase contracts while the debt collection ability and debt quality of customers are acceptable.

3. Financial cost for Q3/2022 was 7.6 million baht, a 10.6 % decreased from 8.5 million baht in the same period last year due to the reduction of loan amount to be suitable in the current situation. Although the company repaid 670 million baht of debt in the previous year, the cash and deposit amount were approximately 1,680.2 million baht, and the D/E ratio in the third quarter was 0.16 times, decreasing from the end of 2021 at 0.23 times.

In this quarter, the net hire-purchase and loan receivable amount was 4,575.2 million baht, a 15.8% increased from 3,949.4 million baht at the end of 2021, due to loan expansion policy. Since Q2/2020, there were various measures to support customers affected by the COVID-19 pandemic; however, the company did not carry out its right to ease the classification of debtors under the temporary relief measures enforced by the Federal of Accounting Professions Under The Royal Patronage of His Majesty The King. On the other hand, the company recognized the importance of having adequate provisions. For the third quarter of 2022, the amount of bad debt provision was 335.6 million baht; loans which overdue for more than 3 months were 5.9%, and the coverage ratio was 115.6%. In comparison, at the end of 2021, the amount of bad debt provision was 371.6 million baht, loans which overdue for more than 3 months were 7.1%, and the coverage ratio was 120.5%. Additionally, in Q3/2022, the total assets of the company were 6,691.8 million baht, a 4.1% declined from 6,979.0 million baht at the end of 2021, and the total liabilities of 904.0 million baht, a 31.6% declined from 1,322.0 million baht at the end of 2021.

According to the announcement from the contract committee of the Office of the Consumer Protection Board (OCPB) regarding the provision of hire-purchase businesses for cars and motorcycles to be contract-controlled businesses B.E. 2022, which was issued in the Government Gazette on October 12, 2022, and effective within 90 days from the date of the announcement, or on January 10, 2023, Thitikorn Plc. has the policy to conduct business in

compliance with the laws and regulations and will continue to adhere to these principles. After the announcement becomes effective, the whole industry will be under the same interest rate ceiling. Therefore, the context of retail financial services to customers with motorcycle leasing needs and market competition must be changed to suit the new government regulations.

The company has adjusted its business operations and strategies to be in line with the changes in the industry, initially prepared before the announcement, and controlled the quality of loans since the third quarter of 2022 to reduce and control credit costs or non-performing loans (NPLs), including managing the efficiency of business operations to control operating costs. In addition, the company has been launching new services after receiving the business license for title loans and personal loans. With these services, the company will gain more income and reduce the risk of relying only on the motorcycle hire-purchase business, which is expected to benefit the business profits in the medium and long term.

Please be informed accordingly.

Best regards,

(Ms. Prathama Phornprapha)
Director / Managing Director