



TK. 006/2566

Date 21 February 2023

Subject: Report of performance results for 2022, net profit decreased 22.2% and total revenue decreased 2.7%

Attention: President

The Stock Exchange of Thailand

Thitikorn Public Company Limited and its subsidiaries announced the operating performance for 2022. The net profit was 367.1 million baht which declined by 22.2% from 471.8 million baht compared to the same period last year, and the total revenue was 1,947.8 million baht decreased by 2.7% from 2,002.4 million baht compared to the same period last year.

In 2022, the Bank of Thailand forecasts Thai economy expected to 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. However, the export sector contracted by 10.5% in the fourth quarter, in line with the global economic slowdown. As a result, the Thai economy grew by only 1.4% in the fourth quarter, resulting in the Thai economy expanded by 2.6% in 2022, lower than previously forecasted.

In 2023, the National Economics and Social Development Council (NESDC) forecasted that Thai economy will expand by 2.7-3.7% from its latest projection revision on February 17, 2023 (original forecast on November 21, 2022 at 3.0-4.0%) due to the overall global economic slowdown. However, Thai economy continues its recovery from private consumption and the tourism sector; The Tourism Authority of Thailand predicted that there will be 25.5 million foreign tourists visiting Thailand and the tourism revenue expected to reach 2.38 trillion baht in 2023, which will be beneficial to higher income to both workers and the business sector which related to the tourism sector. On the other hand, Thai economy is still facing negative factors during global economic slowdown such as a higher cost of electricity, rising of labor wages, higher prices of imported products, an increase in the policy interest rate as well as a rising of energy price; moreover, the Thai government tighten its economic stimulus measures to rebalance its policy. The stubborn high inflation caused the Central bank of many countries to raised its policy interest rate quicker and higher from its lowest policy interest rate, especially in the United States of America and European Union also continues to suffer from severe energy shortage and high price from Russia-Ukraine War. Therefore, Thitikorn Plc. still has to be cautious with its business expansion and more stringent in hire-purchasing policies.

In the fourth quarter of 2022, the motorcycle market in Thailand sales was 432,371 units, an increase of 6.6% from 405,478 units compared to the same period last year, and the total of motorcycle sales was 1,801,902 units, an increase of 11.9% from 1,610,223 units compared to the same period last year which was the second years with increased sales after declined for 3 consecutive years. In addition, the total of automobile sales in the fourth quarter of 2022 was 215,701 units, a decrease of 5.1% from 227,188 units while the total automobile sales of 2022 were 849,395 units, an increase of 11.9% from 759,119 units compared to the same period last year. This directly has an effect on the company in the following subjects:

1. Total revenue for 2022 was 1,947.8 million baht, or a 2.7% decreased from 2,002.4 million baht in the same period last year. The hire-purchase income for 2022 was 1,457.2 million baht, or a 6.3% increased from 1,370.8 million baht compared to the same period last year due to the company's policy to increase sales for the first 2 quarters of the year as well as the interest income will be recognized at a higher rate at the beginning of the contract.

Other income for 2022 was 459.3 million baht, or a 20.6 % decreased from 578.9 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 2022 was 1,427.2 million baht, a 6.2% increased from 1,344.4 million baht compared to the same period last year. Total administrative fee in this year was 1,070.7 million baht, an 1.0% increased from 1,059.7 million baht compared to the same period last year. The reasons include:

2.1 The policy on expansion of sales during the first 2 quarters of the year caused a rise in marketing 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 2022 was 31.8 million baht, a 7.0 % decreased from 34.2 million baht compared to the same period last year due to the reduction of loan amount to be suitable in the current situation. Although the company repaid 1,070 million baht of debt in 2022, the cash and deposit amount were approximately 1,956 million baht, and the D/E ratio in 2022 was 0.14 times, decreasing from the end of 2021 at 0.23 times.

In 2022, the net hire-purchase and loan receivable amount was 4,158.6 million baht, a 5.3% increased from 3,949.4 million baht at the end of 2021, due to the policy regarding the expansion of sales for the first 2 quarters of the year. 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 2022, the amount of bad debt provision was 344.4 million baht; loans which overdue for more than 3 months were 7.0%, and the coverage ratio was 109.8%. 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%. In 2022, the total assets of the company were 6,558.3 million baht, a 6.0% declined from 6,979 million baht at the end of 2021, and the total liabilities of 800.5 million baht, a 39.4% 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 providers or hire-purchase provider must be changed and complied to the new government regulations in order to serve customers with motorcycle leasing needs.

The adjustment of the industry since the announcement of “the provision of hire-purchase businesses for cars and motorcycles to be contract-controlled businesses B.E. 2022”, effective on January 10, 2023. Some groups of customers were waiting for the clarification of the new regulation by delay their purchase from October 2022 to January 10, 2023, due to lower interest ceiling for motorcycle and used car, and a discount on interest on prepayment which lower demand of some groups of customers during that period. Some hire-purchase providers were more stringent in lending and tried to reduce its marketing expenses and tighten credit approval. However, some hire-purchase providers had aggressively expanded its businesses to compensate for the decrease in revenue from the lower interest rate ceiling.

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 better 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 expected to increase its 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 Phomprapha)

Director / Managing Director