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No. LorBor./66/003

February 28, 2023

Subject: Explanation in case the Company's revenue or profit differs from the same period of the prior year by more than 20%

To: President
The Stock Exchange of Thailand

Allianz Ayudhya Capital Public Company Limited would like to clarify the operating result of the consolidated financial statement for the year ended December 31, 2022 which shows a net profit of Baht 1,004.72 million (Baht 2.58 per share) compared with Baht 1,230.03 million (Baht 3.16 per share) from same period last year, a decrease by Baht 225.31 million or 18.32%. The significant changes are summarized as follows:

Unit: Thousand baht

	Consolidated financial information For the year ended		% Change
	31 December 2022	31 December 2021	Y-O-Y
Revenues			
Gross premiums written	8,031,778	5,584,707	43.82%
Net premiums written	6,201,776	3,976,418	55.96%
Net premiums earned	6,351,925	3,892,399	63.19%
Fees and commission income	467,161	325,926	43.33%
Net investment income	87,247	140,543	-37.92%
Loss on investments	(96,313)	(8,151)	1,081.61%
Share of profit on investment of an associate	981,916	1,287,852	-23.76%
Revenue from services	22,157	-	N/A
Other income	12,104	34,202	-64.61%
Total revenues	7,826,197	5,672,771	37.96%
Expenses			
Gross claim paid	3,834,394	2,052,579	86.81%
Commission and brokerage expenses	1,142,710	894,232	27.79%
Other underwriting expenses	968,966	694,004	39.62%
Cost of medical services	1,313	-	N/A
Operating expenses	997,724	754,034	32.32%
Finance cost	6,968	6,922	0.66%
Impairment loss on equity instruments (Reversal)	(172,699)	40,048	-531.23%
Expected credit loss (Reversal)	(1,491)	174	-956.90%
Total expenses	6,777,885	4,441,993	52.59%
Profit before income tax	1,048,312	1,230,778	-14.83%
Income tax expense	43,585	749	5,719.09%
Net profit	1,004,727	1,230,029	-18.32%
Basic earnings per share (Baht per share)	2.58	3.16	-18.35%

- The gross premiums written (GPW) for this year increased by 43.82 % from last year. This was due largely to the growth of Motor Insurance driven by additional leasing business and the premiums from the acquisition of health business and service in early May 2022.
- Fee and commission income increased by 43.33% due to higher reinsurance.
- Net investment income decreased by 37.92% due to the reduction in investment portfolio. Loss on investments increased of Baht 88.16 million due largely to the sales of investment assets to raise funds for business acquisition as mentioned above.
- The share of profit on investment in an associate decreased by 23.76% due to the decrease in net profit of the associate company, driven predominantly by large one-off capital gain realization from the sale of private equity in Q2 2021.
- Revenue from services of Baht 22.16 million came from the business acquisition.
- Other income significantly decreased 64.61% as the fee income from trade credit business was presented net of cost instead of gross as last year.
- From the above, the Company total revenues increased by 37.96% from last year.
- In terms of expenses, net claims paid, other underwriting expenses and commission and brokerage and operating expenses increased by 86.81%, 39.62% 27.79% and 32.32%, respectively, due to the business expansion. Cost of medical services of Baht 1.31 million came from the business acquisition.
- The finance cost increased by 0.66% relative to the increase in lease liability.
- Impairments and expected credit loss significantly decreased due to the sales of investment assets as mentioned above.
- Income tax expense significant increased due to the reversal of un-utilized deferred tax asset.
- As a result of the aforementioned, the Company's performance for the year ended December 31, 2022 was a net profit of Baht 1,004.72 million or 18.32 % lower than last year.

Please be informed accordingly.

Yours faithfully,



Thomas Wilson
President & CEO