



TK. 029/2566

Date 9 May 2023

Subject: Report of financial result for Q1/2023, net profit decreased 68.8% and total revenue decreased 15.9%

Attention: President

The Stock Exchange of Thailand

Thitikorn Public Company Limited and its subsidiaries announced the operating performance for Q1/2023. The Company's Net profit was 42.1 million baht, declined by 68.8% from 135.1 million baht compared to the same period last year, and the total revenue was 415.1 million baht, decreased by 15.9% from 493.3 million baht compared to the same period last year.

In 2023, the Bank of Thailand forecasts Thai economy to grow by 3.6%, from its latest forecasted in March 2023 (which slightly declined from 3.7% from the its previous estimated in November 2022), due to the global economic slowdown. Thai economy has continued to recover since the expansion of private consumption and the recovery of tourism sector. The Tourism Authority of Thailand predicted that Thailand would have 25.5 million foreign visitors this year. Tourism income will reach 2.38 trillion baht, which will be beneficial to both workers and the business sector related to the tourism sector. However, Thai economy is still facing negative factors as well as global economic slowdown due to higher cost of electricity, rising of labor wages, higher prices of imported products, an increase in the policy interest rate, and rising energy price. In addition, the Thai government tightened its economic stimulus measures to rebalance its policy. The high inflation, which gradually declined, caused the Central bank of many countries to raise their policy interest rates much faster and higher than their ultra-low policy interest rate, especially in the United States of America. The Fed Fund Rate has increased from 0% to 5.0–5.25% since March 2022, which is the 10th rate hike in a row since August 2007. Moreover, the European Union is impacted by severe energy shortages and high costs caused by the Russo-Ukrainian war last year. With these risk factors, the Company remains cautious with its business expansion and more stringent in loan origination for its hire-purchasing business.

In the first quarter of 2023, the motorcycle market in Thailand sales was 512,210 units, an increase of 13.9% from 449,739 units compared to the same period last year. In addition, the total of automobile sales in the first quarter of 2023 was 217,073 units, a decrease of 6.1% from 231,189 units compared to the same period last year. This directly has an effect on the company in the following subjects:

1. Total revenue for Q1/2023 was 415.1 million baht, or a 15.9% decreased from 493.3 million baht in the same period last year. The hire-purchase income for Q1/2023 was 317.9 million baht, or a 8.4% decreased from 347.2 million baht compared to the same period last year due 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 effective on January 10, 2023.

Other income for Q1/2023 was 92.6 million baht, or a 34.2 % decreased from 140.7 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 reduced port size.

2. Total expense for Q1/2023 was 337.2 million baht, a 7.7% increased from 313.0 million baht compared to the same period last year due to an increase in bad debts and impairment losses on trade accounts receivable as a result of the current rising cost of living.

Total administrative expenses in Q1/2023 were 210.2 million baht, a 23.6% decreased from 275.2 million baht compared to the same period last year as the Company managed the management cost by using digital technology to develop working equipment in each department and prevent redundant processes for improving work efficiency.

3. Financial cost for Q1/2023 was 7.1 million baht, an 8.3% decreased from 7.8 million baht compared to the same period last year due to the reduction of the loan amount to be suitable in the current situation. The Company has cash and deposits of approximately 2,101.3 million baht, and the D/E ratio in Q1/2023 was 0.13 times, decreasing from the end of 2022 at 0.14 times.

As of the first quarter of 2023, the net hire-purchase and loan receivable amount was 4,006.6 million baht, a 3.7% decreased from 4,158.6 million baht compared to the end of 2022, due to a strict credit lending policy since the third quarter of 2022, which is an adjustment of operations to be in line with 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 effective on January 10, 2023. Moreover, the Company made allowance for the impairment of trade accounts receivable to have sufficient reserves. For Q1/2023, the amount of bad debt provision was 318.4 million baht; loans which overdue for more than 3 months were 7.0%, and the coverage ratio was 105.3%. In comparison, at the end of 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%. As of this quarter, the total assets of the Company were 6,539.8 million baht, a 0.3% declined from 6,558.3 million baht, compared to the end of 2022, and the total liabilities were 776.1 million baht, a 3.0% declined from 800.5 million baht, compared to the end of 2022.

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 effective on January 10, 2023, and the draft royal decree for the Bank of Thailand to supervise hire-purchase and car and motorcycle leasing businesses, which is expected to be effective within 90-180 days after being published in the Royal Gazette, which would take an effect by September or December 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 new law becomes effective, the whole industry will be under the same rules. Therefore, the context of retail financial services providers or hire-purchase providers must be changed and complied with the new government regulations to serve customers with motorcycle leasing needs.

After the enforcement of the OCPB announcement in Q1/2023, some hire-purchase providers became more stringent in their lending. Some companies reduce their marketing expenses and tighten credit approval. However, some hire-purchase providers had aggressively expanded their 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 has 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. Besides hire-purchase business, the Company has been launching new services after receiving the additional business license for personal loans which concern a vehicle registration as collateral, title loans, nano-finance loans, and so on. With these services, the Company expects to increase its income and reduce the risk of relying only on the motorcycle hire-purchase business, which is expected to benefit its profits in the medium and long term.

Please be informed accordingly.

Best regards,

(Ms. Prathama Phornprapha)

Director / Managing Director