



TK. 035/2566

Date 7 August 2023

Subject: Report of financial result for Q2/2023, net profit decreased 80.2% and total revenue decreased 14.3%

Attention: President

The Stock Exchange of Thailand

Thitikorn Public Company Limited and its subsidiaries announced the operating performance for Q2/2023. The Company's Net profit was 23.3 million baht, declined by 80.2% from 117.5 million baht compared to the same period last year, and the total revenue was 421.8 million baht, decreased by 14.3% from 492.3 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 forecast in March 2023 (which slightly declined from 3.7% from 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 previous ultra low policy interest rate, especially in the United States of America, the US Fed Fund Rate has increased from 0% to 5.25–5.50% since March 2022, which is the 11th rate hike consecutively, the highest in 22 years. Two credit rating agencies, Standard & Poor's (S&P) and Fitch Ratings, also downgraded their credit ratings. Only Moody's maintained its Aaa credit rating. Standard & Poor's (S&P) downgraded the US credit rating to AA+ in 2011 and Fitch Ratings downgraded the US Long-Term Foreign-Currency Issuer Default Rating to AA+ on August 1, 2023. Moreover, the European Central Bank (ECB) raised interest rates by 0.25%, the 9th rate hike consecutively, bringing the Eurozone reference rate to 3.75%, the highest in 22 years since 2001, while the BOT's policy rate increased by 0.25% to 2.25% on August 2, 2023. 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 second quarter of 2023, the motorcycle market in Thailand sales was 491,628 units, an increase of 6.6% from 460,977 units compared to the same period last year. The total of motorcycle sales in the first half of 2023 was 1,003,838 units an increase of 10.2% from 910,716 units compared to the same period last year. In addition, the automobile sales in second quarter were 189,058 units a decrease of 3.6% from 196,114 units compared to the same period last year. The total of automobile sales in the first half of 2023 was 406,131 units, a decrease of 4.9% from 427,303 units compared to the same period last year. This directly has an effect on the company in the following subjects:

1. Total revenue for Q2/2023 was 421.8 million baht, or a 14.3% decreased from 492.3 million baht in the same period last year. The hire-purchase income for Q2/2023 was 306.7 million baht, or a 15.8% decreased from 364.3 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. In addition, the Company tightened its loan origination in Thailand to reduce risk as the Company expected Bank of Thailand will regulate and supervise hire purchase business in Thailand to be effective in November 2023.

Other income for Q2/2023 was 107.2 million baht, or a 12.3% decreased from 122.3 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 portfolio size.

2. Total expense for Q2/2023 was 374.0 million baht, a 7.3% increased from 348.6 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 Q2/2023 were 214.8 million baht, a 20.0% decreased from 268.7 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 Q2/2023 was 9.5 million baht, a 10.5% increased from 8.6 million baht compared to the same period last year. The Company increased borrowing in its foreign operations in order to mitigate foreign exchange risk. The Company has cash and deposits of approximately 1,899.8 million baht, and the D/E ratio in Q2/2023 was 0.17 times, increasing from the end of 2022 at 0.14 times.

As of the Q2/2023, the net hire-purchase and loan receivable amount was 4,190.6 million baht, a 0.8% increased 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

Q2/2023, the amount of bad debt provision was 336.4 million baht; loans which overdue for more than 3 months were 6.8%, and the coverage ratio was 109.9%. 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 6,556.9 million baht, a 0.02% declined from 6,558.3 million baht, compared to the end of 2022, and the total liabilities were 949.1 million baht, a 18.6% increased from 800.5 million baht, compared to the end of 2022.

According to 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 in November 2023, Thitikorn Plc. has the policy to conduct business in compliance with the laws and regulations and the criteria of the BOT. However, the company will consider the details of the law publishing in the Royal Gazette.

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