



TK. 054/2566

Date 8 November 2023

**Subject:** Report of financial result for Q3/2023, net profit decreased 50.4% and total revenue decreased 16.2%

**Attention:** President

The Stock Exchange of Thailand

Thitikorn Public Company Limited and its subsidiaries announced the operating performance for Q3/2023. The Company's Net profit was 29.8 million baht, decreased by 50.4% from 60.1 million baht compared to the same period last year, and the total revenue was 417.6 million baht, decreased by 16.2% from 498.4 million baht compared to the same period last year.

In 2023, the Bank of Thailand forecasts Thai economy to grow by 2.8%, its latest forecast in October 2023 (declined from 3.6% from its previous forecast in March 2023) and estimate export sectors to grow from -0.5% to -2% to -1% to -2%, 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 revenue is expected to reach 2.38 trillion baht, which will be beneficial to both employment and the business sector related to the tourism sector. However, Thai economy is still facing negative factors such as global economic slowdown, rising energy price, and the ongoing armed conflicts both Russia-Ukraine and Israel-Hamas which affect Thai export sector. 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%, which is the 11th rate hike consecutively and was the highest in 22 years since March 2022. Moreover, the European Central Bank (ECB) raised interest rates by 0.25%, the 10th rate hike consecutively in 14 months, bringing the Eurozone reference rate to 4.0%, the highest in 22 years since 2001, while the BOT's policy rate increased by 0.25% to 2.50% on September 27, 2023 which was the highest in 10 years since October 2013. With these risk factors, the Company remains cautious with its business expansion and more stringent in loan approval for its hire-purchasing business.

In the third quarter of 2023, the motorcycle market in Thailand sales was 458,369 units, a decrease of 0.1% from 458,815 units compared to the same period last year. The total of nine-month motorcycle sales was 1,462,207 units an increase of 6.8% from 1,369,531 units compared to the same period last year. In addition, the automobile sales in third quarter were 180,739 units, a decrease of 12.4% from 206,391 units compared to the same period last

year. The total of nine-month automobile sales was 586,870 units, a decrease of 7.4% from 633,694 units compared to the same period last year. This directly has an effect on the company in the following:

1. Total revenue for Q3/2023 was 417.6 million baht, or a 16.2% decreased from 498.4 million baht in the same period last year. The hire-purchase income for Q3/2023 was 306.1 million baht, or a 19.8% decreased from 381.5 million baht compared to the same period last year due to the announcement interest rate cap to 23% from the contract committee of the Office of the Consumer Protection Board (OCPB) regarding the provision of hire-purchase businesses for automobiles and motorcycles to be contract-controlled businesses B.E. 2022, which was effective on January 10, 2023. In addition, the Company tightened its loan approval in Thailand to reduce risk as the Company expected Bank of Thailand will regulate and supervise hire purchase business in Thailand to be effective at the end of 2023 or early 2024.

Other income for Q3/2023 was 96.8 million baht, or a 13.8% decreased from 112.3 million baht compared to the same period last year, due to the lower bad debt repayment as a result of the current economic situation.

2. Total expense for Q3/2023 was 353.7 million baht, a 7.4% decreased from 381.9 million baht compared to the same period last year.

Total administrative expenses in Q3/2023 were 196.7 million baht, a 29.7% decreased from 279.9 million baht compared to the same period last year as the Company managed the administrative cost by using digital technology in each department and prevent redundant processes in order to improve work efficiency.

3. Financial cost for Q3/2023 was 11.9 million baht, a 57.8% increased from 7.6 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 1,535.2 million baht, and the D/E ratio in Q3/2023 was 0.17 times, increasing from the end of 2022 at 0.14 times.

As of the Q3/2023, the net hire-purchase and loan receivable amount was 4,193.3 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 automobiles 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 accounts receivable to have sufficient reserves. For Q3/2023, the provision was 353.5 million baht; loans which overdue for more than 3 months were 6.7% and the coverage ratio was 116.4%. In comparison, at the end of 2022, the 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 6,627.0 million baht, a 1.04% increased from 6,558.3 million baht, compared to the end of 2022, and the total liabilities were 967.9 million baht, a 20.9% increased from 800.5 million baht, compared to the end of 2022.

The Company has adjusted its business operations and strategies to be in line with the changes in the industry, and has controlled the quality of loan receivable 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 and nano-finance loans. 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 profitability in the medium and long term.

The Company is closely monitoring on both the draft Royal Decree for the Bank of Thailand to regulate the hire-purchase and leasing business of automobile and motorcycle, which will be effective in early 2024, as well as new measures announcement of responsible lending aimed at sustainably addressing household debt problems, which is expected to be effective in early 2024. The Company is ready and has prepared its business operations to be complied with the laws and regulations of the Bank of Thailand in order to be legal and beneficial to all stakeholders.

Please be informed accordingly.

Best regards,

A handwritten signature in black ink, appearing to read "Prathama Phornprapha". The signature is fluid and cursive, with the first name "Prathama" and the last name "Phornprapha" clearly distinguishable.

(Ms. Prathama Phornprapha)

Director / Managing Director