



SorGor. 26/2023

13 November 2023

Subject: Management Discussion and Analysis for the three-month and nine-month periods ended 30 September 2023

To: President
The Stock Exchange of Thailand

Thai Group Holdings Public Company Limited has reported the financial performance and submitted Condensed interim financial statements for the three-month and nine-month periods ended 30 September 2023 which has the detail as the followings.

Industry Overview

Life Insurance Industry

Thailand's life insurance industry reported total first year premium written of Baht 131,965 million for January - September 2023 which increased by 6.2% YoY. Southeast Life Insurance PCL ("SE Life") has first year premium written of Baht 3,635 million which decreased by 17.2.% YoY. SE Life had 2.7% market share for the first year premium written and ranked No.11 in life insurance industry as of September 2022.

(Source: Thai Life Assurance Association)

Non-Life Insurance Industry

The direct premium written of Thailand's non-life insurance industry for January – September 2023 was Baht 209,393 million which increased by 3.6% YoY. The key growth drivers were an increase in Motor insurance and All Risk insurance. Indara Insurance PCL ("INSURE") had 1.4% market share of direct premium written and ranked No 23 in non-life insurance industry compared to rank No 25 at end of June 2022.

(Source: Insurance Premium Rating Bureau, Thai General Insurance Association)

Automotive Industry

The operating leased car market industry in 2023 expected to be Baht 51 billion or increased by 10.2% YoY. For long-term leased car expected to expand by 5.0% or to be Baht 40 billion as Thailand's economy had returned to normal, increasing in private consumption and recovery of tourist industry. Southeast Capital Company Limited ("SECAP") continued to rank No. 1 in car leasing market with total of 22,843 leased cars at end of September 2023.

(Source: TMBThanachart Bank Public Company Limited, ttb analytics)

Management Discussion and Analysis

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For used car market industry, the EV worldwide industry was in growing trend so used EV cars in market would increase steadily. This would impact used car business to be more competitive. Additionally, the coming of new business model “Subscription” would decrease the purchasing demand on used car. The new car continued launching in market and there was also forfeit cars coming in used car market. As a result, used car operator should be prepared and adapted for upcoming circumstance.

(Source: TMBThanachart Bank Public Company Limited, ttb analytics and Bank of Ayudhya Public Company Limited, Krungsri analytics)

Management Discussion and Analysis

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Financial Performance for Quarter 3/2023

<i>Unit: Million Baht</i>		Apr - Jun 2023	Apr - Jun 2022	%Change QoQ
1	Total Revenue	4,653	4,973	-6.4%
2	Net premium earned and Commission & brokerage income	3,021	3,264	-7.4%
3	Income from operating lease, hire-purchase and finance lease	1,118	1,228	-9.0%
4	Net Investment income	484	458	5.7%
5	Gain on financial instrument	19	20	-5.0%
6	Other income	11	3	266.7%
7	Total Expenses	(4,788)	(4,981)	-3.9%
8	Underwriting expenses	(3,200)	(3,399)	-5.9%
9	Direct rental costs	(817)	(899)	-9.1%
10	Operating expenses	(522)	(444)	17.6%
11	Loss on financial instrument	(72)	(96)	-25.0%
12	Finance costs	(177)	(143)	23.8%
13	Profit (loss) before income tax expense	(135)	(8)	-1587.5%
14	Tax income (expense)	57	46	-23.9%
15	Net Profit (loss)	(78)	38	-305.3%
16	Investment income ratio	10.4%	9.2%	
17	Operating expense ratio	11.2%	8.9%	
18	Net Profit Margin	-1.7%	0.8%	
19	Basic earnings (loss) per share	(0.12)	0.05	

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Total Revenue

Total revenue for Q3/2023 was Baht 4,653 million, decreased by Baht 320 million or 6.4% QoQ. The revenue breakdown by segment was as follows:

- **Revenue from Life insurance business** was Baht 2,933 million, decreased by Baht 171 million or 5.5% QoQ. Gross written premium was Baht 2,454 million, decreased by Baht 187 million, mainly from single premium life insurance selling through Banca channel while there was growth in group life insurance. Interest and dividend income increased by Baht 14 million.
- **Revenue from Non-Life insurance** was Baht 669 million, decreased by Baht 60 million or 8.3% QoQ resulting from increase in reinsurance cession on compulsory business in order to mitigate insurance risk. Gross written premium continued growth on both new and renew business, especially from motor and property insurance.
- **Revenue from Financial services business** was Baht 1,147 million, decreased by Baht 105 million or 8.4% QoQ. Sales of used cars from expired lease contracts decreased by Baht 154 million according to number of used cars sold reducing approximate by 98 units.

Total Expenses

Total expenses for Q3/2023 was Baht 4,788 million, decreased by Baht 193 million or 3.9% QoQ which had detail as follows:

- **Underwriting expenses** was Baht 3,200 million, decreased by Baht 199 million or 5.9% QoQ.
 - Life insurance business's underwriting expenses decreased by Baht 118 million from life reserve of new and in-force policy according to reducing in gross written premium and higher incurred claim of group life insurance.
 - Non-life insurance business's underwriting expenses decreased by Baht 81 million from reducing of claim incurred on Motor insurance both compulsory and voluntary insurance while acquisition cost increased in according to premium growth.
- **Direct rental cost** was Baht 817 million, decreased by Baht 82 million or 9.1% QoQ.
 - Cost of sales of used cars decreased by Baht 107 million which was align to the decreasing of revenue on selling used cars.
 - Direct rental cost increased by Baht 25 million from depreciation and repair & maintenance expenses.
- **Operating expenses** was Baht 522 million, increased by Baht 78 million or 17.6% QoQ mainly due to building and equipment expense, professional fee expense and investment expense.
- **Loss on financial instrument** was Baht 72 million, decrease by Baht 24 million or 25.0% QoQ mainly due to unrealized gain from change in fair value of derivative instrument of Financial service business.
- **Finance costs** was Baht 177 million, increase by Baht 34 million or 23.8% QoQ mainly from increasing in interest rate and loan principal amount to support growth of operating leased car business.

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Net Profit (Loss)

Net loss before tax for Q3/2023 was Baht 135 million, increased by Baht 127 million QoQ which had detail as below.

- **Life insurance business** had net loss before tax of Baht 128 million, increased by Baht 123 million QoQ from net earned premium decreased and claim incurred increased.
- **Non-Life insurance business** had net profit before tax of Baht 29 million, decreased by Baht 10 million QoQ from decreasing in IT expenses. The underwriting profit slightly decreased from reducing in net earned premium which was compensated with higher reinsurance commission income according to higher reinsurance cession.
- **Financial service business** had net profit before tax of Baht 8 million, decreased by Baht 19 million QoQ from profit from sales of operating lease assets.

Management Discussion and Analysis

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Financial Performance for 9 months period

<i>Unit: Million Baht</i>		Jan - Jun 2023	Jan - Jun 2022	%Change YoY
1	Total Revenue	12,434	14,359	-13.4%
2	Net premium earned and Commission & brokerage income	7,457	8,941	-16.6%
3	Income from operating lease, hire-purchase and finance lease	3,357	4,006	-16.2%
4	Net Investment income	1,444	1,308	10.4%
5	Gain on financial instrument	144	8	1700.0%
6	Other income	32	96	-66.7%
7	Total Expenses	(12,211)	(13,819)	-11.6%
8	Underwriting expenses	(7,742)	(8,229)	-5.9%
9	Direct rental costs	(2,415)	(3,081)	-21.6%
10	Operating expenses	(1,546)	(1,740)	-11.1%
11	Loss on financial instrument	(20)	(392)	-94.9%
12	Finance costs	(488)	(377)	29.4%
13	Profit (loss) before income tax expense	223	540	-58.7%
14	Tax income (expense)	(33)	104	131.7%
15	Profit (loss) before non-operating item	190	644	-70.5%
16	Difference on de-consolidation, net	-	1,230	-100.0%
17	Net Profit (loss)	190	1,874	-89.9%
18	Investment income ratio	11.6%	9.1%	
19	Operating expense ratio	12.4%	12.1%	
20	Net Profit Margin	1.5%	4.5%	
21	Basic earnings (loss) per share	0.21	2.13	

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Total Revenue

Total revenue for the nine-month period of 2023 was Baht 12,434 million, decreased by Baht 1,925 million or 13.4% YoY. The revenue breakdown by segment was as follows:

- **Revenue from Life insurance business** was Baht 7,172 million, decreased by Baht 382 million or 5.1% YoY. Gross written premium was Baht 6,067 million, decreased by Baht 574 million, mainly from single premium life insurance selling through Banca channel while there was growth in group life insurance. Interest and dividend income increased by Baht 119 million and gain on financial instrument increased by Baht 118 million from unrealized gain on change in fair value of investment.
- **Revenue from Non-Life insurance** was Baht 2,067 million, decreased by Baht 977 million YoY which included reinsurance commission income of insurance policy transfer from another insurance company amounting to Baht 470 million. If excluding this reinsurance commission income, revenue decreased from last year by Baht 405 million according to increasing of reinsurance cession but it was compensated with higher reinsurance commission income. There was still growth in written premium in period.
- **Revenue from Financial services business** was Baht 3,449 million, decreased by Baht 621 million or 15.3% YoY. Revenue from sale of used cars dropped by Baht 524 million according to number of used cars sold reducing approximate by 1,300 unit while the revenue from operating lease car still continue increasing.

Total Expenses

Total expenses for the nine-month period of 2023 was Baht 12,211 million, decreased by Baht 1,608 million or 11.6% which had detail as follows:

- **Underwriting expenses** was Baht 7,742 million, decreased by Baht 487 million or 5.9% YoY.
 - Life insurance business's underwriting expenses decreased by Baht 384 million, mainly from reducing in new and in-force policy's life reserve according to gross written premium decreasing and higher incurred claim of Group life premium.
 - Non-life insurance business's underwriting expenses decreased by Baht 106 million.
- **Direct rental cost** was Baht 2,415 million, decreased by Baht 666 million or 21.6% YoY.
 - Cost of sales of operating lease cars decreased by Baht 710 million which was align to decreasing of revenue on selling used cars.
 - Direct rental cost increased by Baht 45 million, mainly due to depreciation expense and repair & maintenance expense.
- **Operating expenses** was Baht 1,546 million, decreased by Baht 194 million or 11.1% YoY mainly due to staff expense, tax expense and professional fee.
- **Loss on financial instrument** was Baht 20 million, decrease by Baht 372 million or 94.9% YoY from increasing of unrealized gain on change in fair value of investment.
- **Finance costs** was Baht 488 million, increase by Baht 111 million or 29.4% YoY from increasing of interest rate and loan principal amount.

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Net Profit (Loss)

Net profit before tax for the nine-month period of 2023 was Baht 223 million, decreased by Baht 317 million or 58.7% which has detail as below.

- **Life insurance business** had net profit before tax of Baht 28 million, increased by Baht 110 million from increasing of unrealized gain on change in fair value of investment and investment income, higher incurred claim and lower net earned premium.
- **Non-Life insurance business** had net profit before tax of Baht 172 million, decreased by Baht 468 million from reducing in net earned premium and reinsurance commission income.
- **Financial service business** had net profit before tax of Baht 59 million, decreased by Baht 132 million from lower unrealized gain on change in fair value of derivative instrument. Finance cost increased from higher interest rate and principal loan amount. The operating result of leased car business still be profit.

Management Discussion and Analysis For three-month and nine-month periods ended 30 September 2023

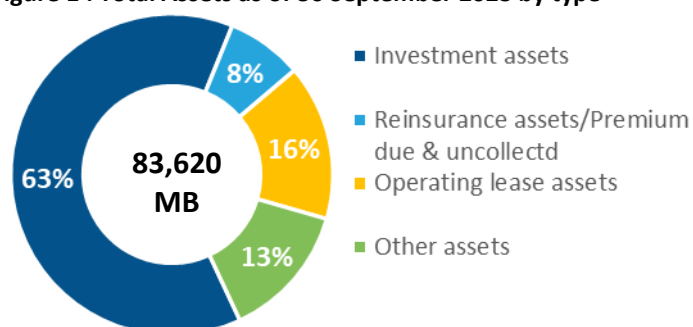
Financial Position as of 30 September 2023

<i>Unit: Million Baht</i>		30 Sep 2023	31 Dec 2022	%Change YoY
1	Total Assets	83,620	84,151	-0.6%
2	Investment assets (including Cash)	52,749	54,622	-3.4%
3	Reinsurance assets and Premiums due & uncollected	6,388	6,038	5.8%
4	Operating lease assets	13,107	12,680	3.4%
5	Other assets	11,376	10,811	5.2%
6	Total Liabilities	75,508	74,531	1.3%
7	Insurance contract liabilities	51,323	50,198	2.2%
8	Borrowings	19,216	18,575	3.5%
9	Other liabilities	4,969	5,758	-13.7%
10	Total Equity	8,112	9,620	-15.7%
11	Share capital and premium	25,745	25,745	0.0%
12	Retained earnings	7,411	7,190	3.1%
13	Other components of equity	(25,044)	(23,315)	-7.4%

Assets

Total assets were Baht 83,620 million, decreased by Baht 531 million or 0.6% YoY. Major asset was investment assets which represented more than 63% of total assets.

Figure 1 : Total Assets as of 30 September 2023 by type

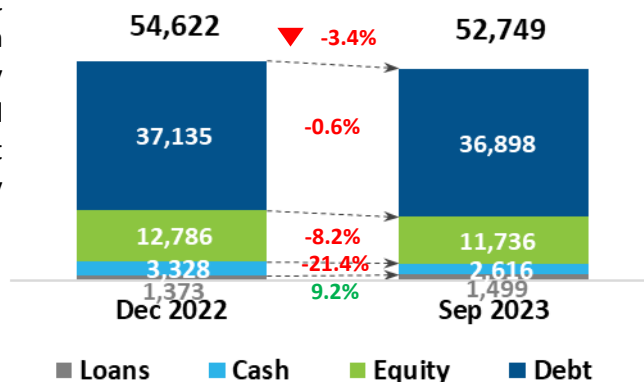


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The investment assets decreased by Baht 1,873 million, from Baht 54,622 million to Baht 52,749 million or 3.4%, mainly from reducing in unrealized gain on fair value change in equity investment as SET INDEX dropped and unrealized gain on fair value change in debt investment as increase of government policy interest rate in quarter 3.

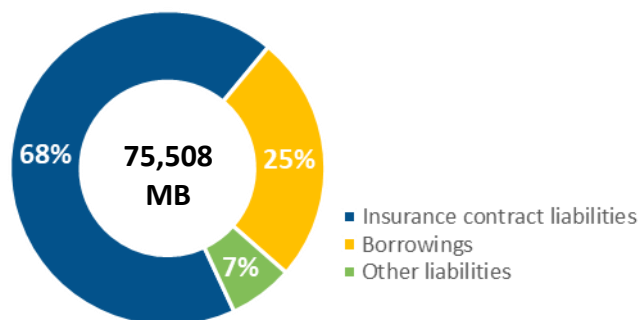
Figure 2 : Investment Assets



Liabilities

Total Liabilities were Baht 75,508 million, primarily comprising insurance contract liabilities and borrowings which represented 68% and 25% of the total liabilities respectively.

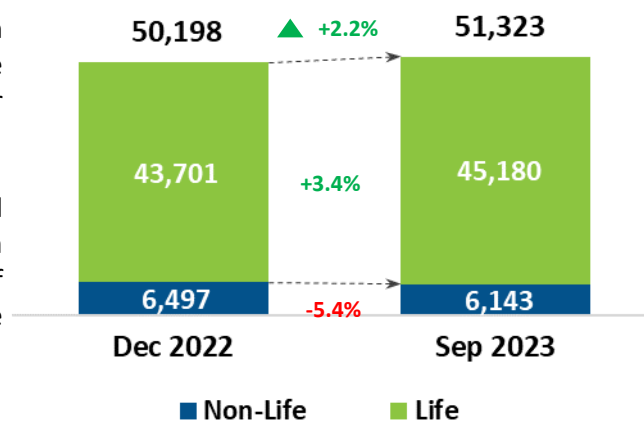
Figure 3 : Total Liabilities as of 30 September 2023 by type



Total liabilities increased by Baht 977 million or 1.3% which was no significant changed.

- The life insurance liabilities increased by Baht 1,479 million from Baht 43,701 million to Baht 45,180 million from life-insurance reserves on new & in-force policy and higher claim outstanding amount.
- The non-life insurance liabilities decreased by Baht 354 million from Baht 6,497 million to Baht 6,143 million from reducing of unearned premium reserve and reinsurance payable as settlement.

Figure 4 : Insurance contract liabilities



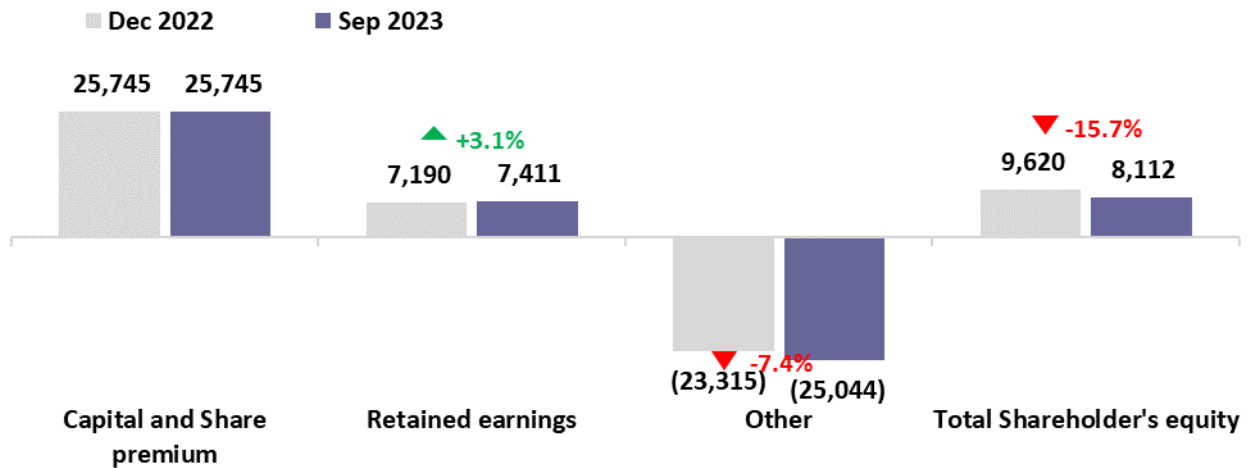
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Equity

Total Equity were Baht 8,112 million, decreased by Baht 1,508 million or 15.7% YoY, mainly from decreasing of change in fair value of investment Baht 915 million on Life-insurance business according to SET INDEX dropped and increasing in government policy interest rate and increasing from net profit of the nine-month period by Baht 190 million.

Figure 5 : Total Equity as of 30 September 2023 by type



Please be informed accordingly

Sincerely yours,

- Mr. Chotiphat Bijananda –
(Mr. Chotiphat Bijananda)
Chairman of the Executive Board