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No. LorBor./67/002

February 29, 2024

Subject : Explanation in case the Company's revenue or profit differ 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, 2023 which shows a net profit of Baht 933.00 million (Baht 2.40 per share) compared with Baht 1,004.73 million (Baht 2.58 per share) from last year, a decrease of Baht 71.73 million (-7.14%). The significant changes are summarized as follows:

Unit: Thousand baht

	Consolidated financial information For the year ended		% Change
	31 December 2023	31 December 2022	Y-O-Y
Revenues			
Gross premiums written	10,236,806	8,031,778	27.45%
Net premiums written	8,046,868	6,201,776	29.75%
Net premiums earned	8,039,300	6,351,925	26.56%
Fees and commission income	505,660	467,161	8.24%
Net investment income	123,327	87,247	41.35%
Loss on investments	(2,613)	(96,313)	-97.28%
Share of profit on investment of an associate	607,983	981,916	-38.08%
Revenue from services	38,086	22,157	71.89%
Other income	12,296	12,104	1.60%
Total revenues	9,324,039	7,826,197	19.14%
Expenses			
Gross claim paid	4,883,052	3,834,394	27.35%
Commission and brokerage expenses	1,198,240	1,142,710	4.86%
Other underwriting expenses	1,129,757	968,966	16.59%
Cost of medical services	2,796	1,313	112.90%
Operating expenses	1,086,199	997,724	8.87%
Finance cost	7,025	6,968	0.82%
Impairment (reversal)	(4,976)	(172,699)	-97.12%
Expected credit loss (reversal)	(120)	(1,491)	-91.96%
Total expenses	8,301,973	6,777,885	22.49%
Profit before income tax	1,022,066	1,048,312	-2.50%
Income tax expense	89,064	43,585	104.35%
Net profit	933,002	1,004,727	-7.14%
Basic earnings per share (Baht per share)	2.40	2.58	-7.14%

- The gross premiums written (GPW) increased by +27.45 % from last year due largely to the premiums from the acquisition of health business and services in early May 2022.
- Fee and commission income increased by +8.24% due to higher reinsurance.
- Net investment income increased by +41.35% due to the higher investment asset size from business acquisition and the increase in bond yield. Loss on investment decreased 97.28% due largely to previous year as there was a sale of investment assets in the prior year to raise funds for business acquisition as mentioned above.
- The share of profit on investment in an associate decreased by -38.08% due to the decrease in net profit of the associate company.
- Revenue from services increased by +71.89% due to the business acquisition after May 2022.
- From the above, the Company's total revenues increased by +19.14% from last year.
- In terms of expenses, net claims paid, other underwriting expenses and commission and brokerage and operating expenses increased by +27.35%, +16.59%, +4.86% and +8.87%, respectively, due to the business expansion.
- Impairments (reversal) and expected credit loss (reversal) significantly decreased due to the sales of investment assets in previous year as mentioned above.
- As a result of the aforementioned the Company's performance for the year ended December 31, 2023 with a net profit of Baht 933.00 million or -7.14% lower than last year.

Sustainable Business Development

The Group recognizes the importance of conducting business with good corporate governance while ensuring sustainability and being responsible for the society and environment. Allianz's global sustainability efforts focused on 3 pillars including Environment, Social Inclusion and Governance (ESG).

Environmental

Being active in both insurance and asset management businesses, the Group realizes the importance of hedging risks dealing with environmental change. Hence, the Group emphasizes promoting environmentally friendly business practices as well as shaping new behavior among employees. Reducing greenhouse gas (GHG) emissions is one of priorities of the Company.

- Waste to landfill at the Company's Head Office has been decreased by 50%. In 2022, the average waste to landfill per month was 1,549 kg; in 2023, the average waste to landfill per month was 770 kg.
- In 2023, the Company prevented GHG emission from waste by more than 61,000 KgCo2e from actions in 3 categories.

- 9,262 kg of food waste turned to compost and distributed to employees and nearby communities.
- 14,113 kg of recycled items sent to proper recycling process and additionally generated extra income for the cleaning staff.
- 4,807 kg of non-recycled waste turned to RDF (Refuse Derived Fuel).

Societal

The Group aims to promote full participation, promoting volunteer activities to support in-need communities. Also, the Group supports organizations, foundations, and businesses that help communities in various areas.

Governance

Transparency and accountability is the Group's first priority in doing business. We also emphasize protecting customers' data and managing business risks in our operations.

Please be informed accordingly.

Yours faithfully,



Thomas Wilson
President & CEO