



## บริษัท ฐิติกร จำกัด (มหาชน)

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**Subject:** Management Discussion and Analysis for Report of Performance Results in Q3/2024

**Attention:** President

The Stock Exchange of Thailand

Thitikorn Public Company Limited and Subsidiaries (“the Company”) discloses its report of performance results in Q3/2024 as the following details.

In Q3/2024, the Company loss 5.4 million baht, decreased by 118.1% compared to the same period last year with has profit of 29.8 million baht; total revenue was 288.4 million baht decreased by 30.9% from 417.6 million baht compared to the same period last year.

In Q3/2024, Thai economy expanded from the previous quarter in line with higher exports and Thai government spending after the 2024 Budget Act came into effect. The Bank of Thailand (BOT) revised its forecasts that the Thai economy in 2024 will expand by 2.7%, from 1.9% in 2023, while exports from January to September 2024 expanded by 8.6% compared to the same period last year. As for the tourism sector, there were a total of 21.6 million foreign tourists visitors in January to September 2024, increased 30% compared to the same period last year and expected that the whole-year foreign tourists visitors will reach 36 million. This will be beneficial to both employees' income and the business sector related to the tourism. The headline inflation decreased to 0.60% from 0.78%, while the core inflation rate continued to increase in line with the price of processed food. The US Federal Reserve (Fed) cut the policy interest rate by 0.25% (November,7 2024) to 4.50-4.75%, the second time this year, and the European Central Bank (ECB) cut the interest rate by 0.25% (October,17 2024), the third time this year, bringing the Eurozone reference interest rate to 3.25%, while the BOT's policy interest rate was cut by 0.25% (October,16 2024) to 2.25%, the first rate cut in 4 years. In addition, lower inflation and policy interest rates will help increase demand for consumer goods both domestically and internationally. However, Thai economy is still facing negative factors; for instance, Thailand's domestic demand is still weak as a result of decline in overall investment, although the government has accelerated budget disbursement, especially in private investment until the third quarter of 2024, which contracted by 6.8% compared to the same period last year. One of main reasons is the

automotive sector whose domestic sales decreased by 25.2%, and the flooding that occurred in certain parts of the country is considered as a negative factor that effects on the Thai economy. It is expected that the damage value from flood from August to early September will be approximately 6-8 billion baht or 0.03-0.04% of GDP, which the agricultural sector is the most affected. As for political risk, they might cause the world economy to slow down and become more fragile in the medium term, both from the prolonged geopolitical conflicts leading to adjustments to the global supply chain and trade, including the increasing of tariff and non-tariff measures, which will result in higher inflation and policy interest rates of most major world economies. The implementation of the US international policy after the general election will be a crucial factor that determines the direction of world trade in the future. The risk factors that may have an impact on Thai economy are the slowdown in the export sector due to the global economy, rising energy prices, and the ongoing armed conflicts between Russia-Ukraine (lasted 950 days as of the end of the third quarter) and Israel-Palestine (lasted 354 days as of the end of the third quarter).

As for Thailand motorcycle market, the motorcycle sales in Q3/2024 were 397,488 units, decreased 13.3% from 458,369 units in the same period last year. Motorcycle sales in the first 9 months of 2024 were 1,301,631 units, decreased 11.0% from 1,462,207 units in the same period last year. The automobile sales in Q3/2024 were 130,632 units, decreased 27.7% from 180,739 units in the same period last year.

The operating results for the third quarter of 2024 are as follows:

1. Total revenue for Q3/2024 was 288.4 million baht, or a 30.9% decreased from 417.6 million baht in the same period last year. The hire-purchase income for Q3/2024 was 159.0 million baht, or a 48.0% decreased from 306.1 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 until the Bank of Thailand announces official regulations for the supervision of the hire-purchase business, which expected to be effective in 2025.

Other income for Q3/2024 was 96.1 million baht, or a 7.0% increased from 89.8 million baht compared to the same period last year, due to bad debt recovery and rental contract fees.

2. Total expense for Q3/2024 was 273.3 million baht, a 22.7% decreased from 353.7 million baht compared to the same period last year.

Total administrative expenses in Q3/2024 were 212.9 million baht, a 8.2% increased from 196.7 million baht compared to the same period last year as the Company reduced some of its branches network and paid compensation to some employees who were unable to transfer to other

branches. It also managed the administrative cost by using digital technology in each department and preventing redundant processes in order to improve work efficiency.

3. Financial cost for Q3/2024 was 7.5 million baht, a 37.0% decreased from 11.9 million baht compared to the same period last year. The Company decreased borrowing in its foreign operations in order to mitigate foreign exchange risk. The Company has cash and deposits of approximately 2,948.5 million baht, and the D/E ratio in Q3/2024 was 0.1 times, decreasing from 2023 at 0.15 times.

In Q3/2024, the Company has the net hire-purchase and loan receivable amount 2,210.0 million baht, a 39.6% decreased from 3,658.8 million baht compared to the end of 2023, 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. For Q3/2024, the provision was 210.5 million baht; loans which overdue for more than 3 months were 7.2% and the coverage ratio was 120.0%. In comparison, at the end of 2023, the provision was 367.8 million baht, loans which overdue for more than 3 months were 8.0%, and the coverage ratio was 113.6%.

As of this quarter, the total assets of the Company were 5,910.9 million baht, a 7.7% decreased from 6,404.7 million baht, compared to the end of 2023, and the total liabilities were 538.8 million baht, a 33.9% decreased from 815.8 million baht, compared to the end of 2023.

The Key Events in 2024 as follows:

1. The company reduced its branches network to be in line with the current and future industry trends. At the end of the third quarter of 2024, the Company has 48 branches in Thailand, 12 branches in Cambodia, and 6 branches in the Lao PDR, for a total of 66 branches. As for TK Ngern Tan Jai Company Limited, it reduced its branches by 2 branches, remaining 8 branches at the end of the third quarter of 2024.
2. The subsidiary company in Myanmar has closed, liquidated and returned the license to the relevant government agencies. It is in the process of bringing the capital back to Thailand after receiving approval from the Central Bank of Myanmar.

## Factors affecting the Company's Operations and Its future

1. The Bank of Thailand's Responsible Lending Guidelines, which came into effect on January 1, 2024, as a result the whole financial services and sector, the Company's work processes became more complex. Moreover, it has also increased the operating costs to financial sector and the company.
2. The BOT's Act on Supervision of Leasing Business (The Draft Royal Decree on the Regulation of Certain Financial Businesses Under the Financial Institution Business Act B.E. 2551 B.E... to Supervise the automobile and motorcycle hire-purchase and leasing business) The Company has been closely monitoring the progress and has prepared various matters to be ready to operate in accordance with the rules and measures set by the BOT, although the law has been postponed for several times without a clear deadline.
3. The Company is ready and has sufficient capital to expand investment both domestically and regionally immediately when there are opportunities and investment situations that are conducive.

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 third quarter of 2022 to reduce credit costs or non-performing loans (NPLs), including managing the efficiency of business operations to control operating costs. The Company has a growth strategy by developing new financial products that can generate higher income and returns apart from hire-purchase business. The Company has been launching services after receiving the additional business license for personal loans with vehicle registration as collateral and nano-finance loans, including the launched new service "TK ME" which is an alternative service for consumers who want to use a motorcycle but do not want to own the aforementioned vehicles. 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 and diversify the company's loan portfolio risk, as well as to create good relationships with business partners to expand and seek business opportunities in the future.

Please be informed accordingly.

Best regards,

(Ms. Prathama Phomprapha)

Director / Managing Director