



บริษัท ฐิติกร จำกัด (มหาชน)

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Subject: Management Discussion and Analysis for Report of Performance Results of 2024

Attention: President

The Stock Exchange of Thailand

Thitikon Public Company Limited and its subsidiaries (“Company”) announced the operating performance for 2024. The net loss was 15.9 million baht which declined by 117.3% from 92.1 million baht compared to the same period last year, and the total revenue was 1,295.7 million baht decreased by 21.7% from 1,653.9 million baht compared to the same period last year.

The Thai economy in 2024 grew by 2.5%, increased from 1.9% in 2023. Thai exports expanded by 5.4% with a value of 10.5 trillion baht, the highest record after contracting by 1.0% in 2023. Foreign tourists returned to Thailand, reaching 35.5 million, close to the record high of 39 million in 2019, with 197.6 million Thai tourists-times, with revenue from both groups of tourists of Baht 2.6 trillion, increased by 25% compared to 2023 or approximately 86% of the revenue that had hit a record high in 2019 before the Covid-19 outbreak, create a positive effect on the recovery of the tourism industry in 2024. Moreover, the recovery of the global economy, especially in the United States, which is the world's largest economy and has low interest rates, caused increasing demand for many consumer goods, escalating high global inflation rates, and encouraging large capitals to relocate production bases to ASEAN countries, including Thailand. On the other hand, the war between Russia and Ukraine continued to rage on from February 24th, 2022 to the end of 2024, or 1,042 days, and showed no signs of ceasing shortly. As for world crude oil prices, the BRENT annual average price was USD 81.13 per barrel, down 1.22% from 2023, and the WTI average price was USD 77.13 per barrel, down 0.82% from 2023. Gas prices in Europe (Dutch TTF Natural Gas), which spiked up to USD 84.15 per MMBTU in August 2022, were averaging USD 15.00 per MMBTU at the end of 2024. Global policy interest rates have been trending downward. The Federal Reserve (Fed) has cut its rate three times throughout the year, totaling 100 bps, from 5.25-5.50% at the end of 2023, the highest point in 22 years since August 2007, to 4.25-4.50% at the end of 2024. The European Central Bank has continuously to cut its policy interest rate four times throughout the year, totaling 135 bps, from 4.50% at the end of 2023, the highest in 24 years, to

3.15% at the end of 2024. The Bank of Thailand has cut its policy interest rate once, 25 bps, the first cut in four years, from 2.50% at the end of 2023 to 2.25%, to align with the interest rate policies of global central banks.

In 2024, energy prices remained high, which affected the cost of living of Thai people. The Thai government minimized energy price subsidies after global energy prices eased in order to reduce the losses of the Oil Fuel Fund that increased from continuous energy price subsidies. However, the government has extended the cost-of-living assistance measure by fixing the price of diesel until the end of 2024 not to exceed 33 baht per liter, resulting in a decrease in the Oil Fuel Fund's losses in 2024 to 77,532 million baht, down from 111,595 million baht in July 2024.

In 2024, motorcycle market sales were 1,708,215 units, which decreased by 9.07% from 1,878,655 units compared to the same period last year and was the first decline after three consecutive years of expansion. Automobile market sales in 2024 were 572,675 units, decreased by 26.18% from 775,780 units compared to the same period last year.

The conclusion of the operating results for 2024 are as follows:

1. Total revenue in 2024 was 1,295.7 million baht, or a 21.7% decreased from 1,653.9 million baht in the same period last year. The hire-purchase income for 2024 was 711.6 million baht, or a 40.9% decreased from 1,204.6 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 policy in Thailand to reduce risk until the Bank of Thailand announces official regulations for the supervision of the hire-purchase business, which is expected to be effective in 2025.

Other income in 2024 was 426.1 million baht, or a 15.3% increased from 369.6 million baht compared to the same period last year, due to lower bad debt repayment from the current economic situation.

2. Total expense in 2024 was 1,276.1 million baht, an 11.7% decreased from 1,444.7 million baht compared to the same period last year.

Total administrative expenses in 2024 were 821.2 million baht, a 0.1% decreased from 822.3 million baht compared to the same period last year as the Company reduced its branches, some fixed expenses have been reduced and the Company implemented digital technology in each department and prevented redundant processes to improve work efficiency.

3. Financial cost in 2024 was 31.3 million baht, a 21.1% decreased from 39.7 million baht compared to the same period last year. The Company decreased borrowing in its foreign operations. The Company has cash and deposits of approximately 3,191.0 million baht, and the D/E ratio in 2024 was 0.08 times, decreasing from 2023 at 0.15 times.

At the end of 2024, the Company had a net hire-purchase and loan receivable amount was 1,994.5 million baht, a 45.5% 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 interest rate ceiling control, which was effective on January 10, 2023. Moreover, the Company made allowance for the impairment of accounts receivable to have sufficient reserves. For 2024, the provision was 174.5 million baht; loans overdue for more than 3 months were 7.0% and the coverage ratio was 115.1%. In comparison, at the end of 2023, the provision was 367.8 million baht, loans overdue for more than 3 months were 8.0%, and the coverage ratio was 113.6%.

As of 2024, the total assets of the Company were 5,877.9 million baht, an 8.2% decreased from 6,404.7 million baht, compared to the end of 2023, and the total liabilities were 449.8 million baht, a 44.9% decreased from 815.8 million baht, compared to the end of 2023.

The Key Events in Q4/2024 as follows:

1. The company increased its investment in a subsidiary company in Laos, Sabaidee Leasing Company Limited, from 1,656,250 shares or 86.89% to 1,781,250 shares or 93.45% to be in line with the parent company's policy of increasing its investment proportion.
2. Suosdey Finance Public Company Limited, the subsidiary company has been approved for the renewal of a Leasing business license for 12 branches in Cambodia from the National Bank of Cambodia for a period of 5 years.

Factors Affecting the Company's Future Operations or Growth

1. The Bank of Thailand's Responsible Lending Guidelines, which came into effect on January 1, 2024, have resulted in the Company having more work processes and more complexity. Moreover, it has also increased the operating costs of the Company and reduced its collection fee.
2. The BOT's Act on Supervision of Leasing Business (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 BOT, although the law has been postponed for several times and still pending for clear deadline.

3. The announcement of the Contract Committee of the Office of the Consumer Protection Board on the establishment of the automobile and motorcycle hire-purchase business as a contract-controlled business, effective from January 10, 2023, sets the ceiling of the motorcycle hire-purchase interest rate at 23% per annum, which does not cover the higher costs and risks of the vulnerable motorcycle hire-purchase debtors. However, the Contract Committee may adjust it to be in line with the country's economic conditions every 3 years. The Company will closely monitor the progress.
4. The recovery of the hire-purchase business depends on economic growth; new economic stimulus measures from the government and high household debt solutions are crucial factors for the expansion of the hire-purchase business in the long term.
5. The Company is ready and has sufficient capital to expand investment both domestically and internationally 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. The Company has a higher loan rejection rate due to the strictness of lending since the third quarter of 2022 to reduce credit costs while controlling operating costs and improving work processes for greater efficiency. The Company has a growth strategy by developing new financial products that can generate higher income and profit such as machinery hire-purchase loans, secured loans, and motorcycle rental service (TK ME) which is an alternative service for consumers who want to use a motorcycle but do not want to own the vehicles apart from the current services; motorcycle and automobile hire-purchase services, personal loans with vehicle registration as collateral or title loans and nano-finance loans. With these additional services, The Company's business will increase opportunities to generate income in both the short and long term and reduce the Company's loan portfolio risks, as well as create good relationships with companies or business partners to expand and seek business opportunities in the future.

Please be informed accordingly.

Best regards,

(Ms. Prathama Phornprapha)
Director / Managing Director