



Ref. SAWAD-7/2025

14 May 2025

Subject: Management Discussion and Analysis for the quarter ended 31 March 2025

To: Managing Director

Stock Exchange of Thailand

Srisawad Corporation Public Company Limited ("Company") would like to present its Management Discussion and Analysis (MD&A) for the three-month period ended 31 March 2025, as follows:

1. Key Highlights and Overview of Operating Performance

In Q1/2025, the Thai economy continued to experience a slowdown. The export sector was negatively impacted by trade measures imposed by the United States. Meanwhile, the Monetary Policy Committee (MPC) cut the policy interest rate twice, totaling 0.50%, bringing it down to 1.75% as of the end of April 2025 in an effort to support domestic demand. In addition, the Bank of Thailand's Responsible Lending measures, which came into effect on January 31, 2025, introduced more stringent requirements for assessing borrowers' repayment ability and impacted the Company's credit underwriting processes.

Amid a continued economic slowdown and more cautious lending practices, the Company maintained its policy of reducing the Loan-to-Value (LTV) ratio per collateral and per borrower in order to expand its retail customer base. This resulted in growth in the number of new customers and improvements to debt collection processes to mitigate risks from non-performing loans and losses on the sale of foreclosed assets. The interest rate relief campaign for flood-affected customers continued into Q1/2025. In addition, the Bank of Thailand's Responsible Lending framework contributed to a decline in interest income.

2. Consolidated Operating Results

(THB million)		Year on Year Comparison		Quarter on Quarter Comparison	
	1Q/25	1Q/24	%YoY	4Q/24	%QoQ
Total Loan Portfolio	93,397	101,831	(8.3%)	96,103	(2.8%)
Net Interest Income	3,326	3,806	(12.6%)	3,507	(5.2%)
Other Income	411	523	(21.4%)	355	15.8%
Insurance Commission Income	310	295	5.1%	385	(19.5%)
Net Profit	1,138	1,278	(11.0%)	1,281	(11.2%)
Net Profit Margin	23.8%	23.6%	0.2%	25.5%	(1.7%)



SRISAWAD CORPORATION PUBLIC COMPANY LIMITED

Key Factors

☐ Interest Income:

In Q1/2025, the Company continued to tighten credit controls, lower LTV ratios per collateral and per borrower, and maintain higher down payment requirements for subsidiary borrowers. As a result, interest income amounted to THB 4,054 million, down from THB 4,595 million in Q1/2024—a decrease of THB 541 million or 11.77%. Additionally, the Company ran a special six-month interest reduction program ending March 2025 to assist borrowers impacted by flooding since Q4/2024, totaling THB 40 million.

☐ Other Income:

In Q1/2025, insurance commission income increased to THB 310 million from THB 295 million in Q1/2024, representing a 5.1% rise. This was driven by expanded partnerships with insurers and broader sales channels.

(THB million)		Year on Year Comparison		Quarter on Quarter Comparison	
	1Q/25	1Q/24	%YoY	4Q/24	%QoQ
Service Expenses	335	453	(26.0%)	361	(7.2%)
Administrative Expenses	1,555	1,481	5.0%	1,503	3.5%
Loss on Sale of Foreclosed Assets	284	558	(49.1%)	361	(21.3%)
Expected Credit Loss	421	486	(13.4%)	402	4.7%
Finance Costs	728	789	(7.7%)	786	(7.4%)

Key Factors

☐ Operating Expenses:

Total operating expenses decreased by 12.8% YoY and 2.3% QoQ, driven by improved cost control and better credit portfolio quality. This led to a significant reduction in losses from the sales of foreclosed assets in the hire purchase segment. Additionally, administrative expenses increased slightly due to branch expansion preparation. In Q1/2025, the Company opened 18 new branches in rural areas.



☐ **Finance Costs:**

In Q1/2025, the Company has finance costs totaled THB 728 million, down from THB 789 million in Q1/2024, a decrease of THB 61 million or 7.7%. This was primarily due to a reduction in borrowings from financial institutions and debentures, which declined from THB 66,980 million at end of 2024 to THB 64,571 million, along with lower market interest rates. The Company's A- credit rating from FITCH also supports lower-cost bond issuance going forward.

3. Business Segment Performance

(THB million)		Year on Year Comparison		Quarter on Quarter Comparison	
	1Q/25	1Q/24	YoY	4Q/24	QoQ
Outstanding Receivables	93,397	101,831	(8.3%)	96,103	(2.8%)
NPL	3,404	3,192	6.6%	3,337	2.0%

In Q1/2025, the Company had non-performing loans (NPLs) totaling THB 3,404 million, an increase of THB 67 million or 2.0%, compared to the end of 2024. However, the increase in NPLs was at as decreasing rate since Company maintained its prudent lending policies, including lower LTV ratios and higher down payments for new motorcycle hire purchases. These measures led to a decline in outstanding receivables. However, they also contributed to improved profitability by reducing expected credit losses and losses from foreclosed asset sales.

4. Financial Position

(THB million)		Year on Year Comparison		Quarter on Quarter Comparison	
	1Q/25	1Q/24	%YoY	4Q/24	%QoQ
Current Assets	66,035	71,319	(7.4%)	67,388	(2.0%)
Non-Current Assets	40,813	43,295	(5.7%)	40,521	0.7%
Total Assets	106,848	114,613	(6.8%)	107,909	(1.0%)
Current Liabilities	30,302	42,197	(28.2%)	34,820	(13.0%)
Non-Current Liabilities	39,057	39,926	(2.2%)	36,787	6.2%
Total Liabilities	69,359	82,122	(15.5%)	71,607	(3.1%)
Shareholders' Equity	37,489	32,491	15.4%	36,302	3.3%
Total Liabilities and Shareholders' Equity	106,848	114,613	(6.8%)	107,909	(1.0%)



☐ **Total Assets:**

As of March 31, 2025, total assets were THB 106,848 million, compared to THB 107,909 million at the end of 2024, a decrease of THB 1,061 million or 1.0%. This was primarily due to a reduction in the loan portfolio, which fell from THB 96,103 million at the end of 2024 to THB 93,397 million at the end of Q1/2025 or a 2.8% decrease, driven by more conservative lending policies.

☐ **Total Liabilities:**

As of March 31, 2025, total liabilities amounted to THB 69,359 million, a decrease of THB 2,248 million or 3.1% from THB 71,607 million at the end of 2024. This decline was primarily due to loan repayments to both financial institutions and debenture holders totaling THB 2,409 million. The reduction in liabilities was in line with the contraction of the Company's loan portfolio.

5. Outlook and Strategy for the Second Half of 2025

☐ **Loan Portfolio Quality Enhancement:**

Continued portfolio quality improvements throughout the past year are expected to positively impact earnings in the second half of 2025 by reducing expected credit losses, collection costs, and losses from foreclosed asset disposals.

☐ **Branch Network Expansion:**

The Company will continue expanding its domestic branch network to meet localized credit demand while closing underperforming branches to control costs effectively.

☐ **Digital Transformation:**

Development of the e-KYC and Mobile Lending Platform is being fast-tracked for commercial launch in Q4/2025. These tools aim to reduce customer acquisition costs, enhance convenience, and mitigate credit risk.