

14 August 2025

Subject: Management Discussion and Analysis for the quarter ended 30 June 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 quarter ended 30 June 2025, as follows:

1. Key Highlights and Overview of Operating Performance

In Q2/2025, the Thai economy continued to face pressure from a slowdown in exports and persistent global economic uncertainty. During the same period, the loan portfolios of commercial banks contracted. Despite this backdrop, the Company maintained stable growth, particularly in its core title loan segment, which remains the primary source of income. Ongoing efforts to manage portfolio quality, combined with effective cost control, contributed to a quarter-on-quarter increase in both interest income and net profit.

As of June 30, 2025, the Company’s total loans outstanding stood at THB 93,155 million, representing a decline of 8.6% year-over-year, primarily due to continued screening and restructuring of the hire purchase loan portfolio. On a quarter-on-quarter basis, the portfolio declined slightly by 0.3%. However, on a product-level basis, hire purchase and personal loans contracted by 4.4% quarter-on-quarter, while title loans and other products continued to grow by 1.6% quarter-on-quarter.

(THB million)			(YoY)		(QoQ)	
	Q2/25	Proportion	Q2/24	Proportion	Q1/25	Proportion
Total Loan Portfolio	93,155	100.0%	101,964	100.0%	93,397	100.0%
• Title Loans and Others	65,194	70.0%	67,639	66.3%	64,152	68.7%
• Hire Purchase and Personal Loans	27,961	30.0%	34,325	33.7%	29,245	31.3%
NPL	3,470		3,360		3,404	
• Title Loans and Others	2,181		2,211		2,165	
• Hire Purchase and Personal Loans	1,289		1,149		1,239	

2. Operating Results

(THB million)	3M	3M (QoQ)		6M	6M (YoY)	
	Q2/25	Q1/25	%QoQ	Q2/25	Q2/24	%YoY
Interest Income	4,139	4,054	2.1%	8,193	9,257	-11.5%
Other Income	317	411	-22.9%	728	951	-23.4%
Insurance Commission Income	342	310	10.3%	652	533	22.3%
Service Expenses	315	335	-6.0%	650	862	-24.6%
Administrative Expenses	1,371	1,559	-12.1%	2,931	2,991	-2.0%
Loss on Sale of Properties Foreclosed	192	280	-31.4%	472	964	-51.0%
Expected Credit Loss	535	421	27.1%	957	1,023	-6.4%
Finance Costs	715	728	-1.8%	1,443	1,583	-8.8%
Net Profit	1,317	1,138	15.7%	2,455	2,599	-5.5%
Net Profit Margin	27.4%	23.8%	3.6%	25.6%	24.2%	1.4%

Key Performance Drivers

- **Interest Income:**

Interest income amounted to THB 4,139 million for the three-month period in Q2/2025, representing a 2.1% increase from the previous quarter. This reflects the effectiveness of the Company's credit portfolio management strategy, which emphasizes higher-yielding products, as well as the conclusion of the temporary interest rate reduction program offered to flood-affected borrowers in the prior quarter. For the first half of 2025, interest income totaled THB 8,193 million, declined by 11.5% year-over-year from THB 9,257 million, mainly due to the contraction in the loan portfolio resulting from the Company's tightened credit policy, aimed at aligning lending risk with acceptable levels under the current economic downturn.

- **Other Income:**

The Company's other income, primarily derived from insurance commission, continued to grow. Insurance commission income rose significantly supported by the expansion of insurance partnerships and the enhancement of online distribution channels.

Insurance commission income amounted to THB 342 million for the three-month period in Q2/2025, an increase of 10.3% quarter-over-quarter.

For the first half of 2025, insurance commission income totaled THB 652 million, increasing by 22.3% year-over-year from THB 533 million.

- **Operating Expenses:**

Operating expenses totaled THB 1,686 million for the three-month period in Q2/2025, a decrease of 11.0% quarter-over-quarter, reflecting effective cost management.

For the first half of 2025, operating expenses totaled THB 3,581 million, down 7.1% year-over-year from THB 3,853 million, as a result of ongoing cost control initiatives.

- **Loss on Sale of Properties Foreclosed:**

Losses on the sales of properties foreclosed totaled THB 192 million for the three-month period in Q2/2025, down 31.4% quarter-over-quarter, reflecting prior efforts to improve portfolio quality. For the first half of 2025, losses on sales of properties foreclosed totaled THB 472 million, a significant 51.0% year-over-year decrease from THB 964 million, indicating an improvement in overall credit quality.

- **Expected Credit Loss (ECL):**

Expected credit losses amounted to THB 535 million for the three-month period in Q2/2025, increasing by 27.1% quarter-over-quarter due to additional provisioning to support the growth of the title loan portfolio.

For the first half of 2025, expected credit losses totaled THB 957 million, a 6.4% year-over-year decrease from THB 1,023 million, reflecting the Company's effective credit risk management.

- **Finance Costs:**

Finance costs totaled THB 715 million for the three-month period in Q2/2025, a 1.8% decrease quarter-over-quarter, driven by a reduction in interest-bearing debt and a lower average interest rate following the Company's A- credit rating from FITCH.

For the first half of 2025, finance costs amounted to THB 1,443 million, down 8.8% year-over-year from THB 1,583 million, reflecting both a decline in total debt and improved funding cost conditions.

- **Net Profit Margin:**

Net profit margin for both the three-month and six-month periods in Q2/2025 improved year-over-year, driven by the Company's efforts to maximize returns through effective cost management.

3. Financial Position

(THB million)		<u>YoY</u>		<u>QoQ</u>	
	Q2/25	Q2/24	%YoY	Q1/25	%QoQ
Current Assets	63,439	71,821	-11.7%	66,035	-3.9%
Non-Current Assets	39,586	42,467	-6.8%	40,813	-3.0%
Total Assets	103,025	114,288	-9.9%	106,848	-3.6%
Current Liabilities	30,411	43,285	-29.7%	30,302	0.4%
Non-Current Liabilities	34,045	37,218	-8.5%	39,057	-12.8%
Total Liabilities	64,456	80,503	-19.9%	69,359	-7.1%
Equity	38,569	33,785	14.2%	37,489	2.9%
Total Liabilities and Equity	103,025	114,288	-9.9%	106,848	-3.6%

- **Total Assets:**

As of June 30, 2025, total assets stood at THB 103,025 million, representing a 9.9% decrease year-over-year and a 3.6% decrease quarter-over-quarter. The decline was primarily due to tighter lending activity compared to the previous year and a reduction in foreclosed assets.

- **Total Liabilities**

As of June 30, 2025, total liabilities amounted to THB 64,456 million, down 19.9% year-over-year and 7.1% quarter-over-quarter. The decrease was primarily driven by debt repayments on both bank borrowings and debentures.

4. Outlook and Strategy for the Second Half of 2025

The Company remains confident that proactive strategies, combined with systematic risk management, will deliver sustainable long-term returns.

- **Portfolio Credit Quality**

Continued focus on borrower screening and tight delinquency monitoring is expected to reduce provisioning pressure and minimize losses on sales of foreclosed asset.

- **Shift Toward Higher-Yield Products**

The Company will adjust its loan portfolio to favor higher-yielding products in response to market competition and risk conditions, aiming to maintain profitability and absorb financial cost pressures.

- **Branch Network Optimization**

Expansion will focus on high-potential areas, while underperforming branches will be restructured. The “online branch” model will be introduced to reduce operating costs and expand customer reach beyond traditional branches.

- **Digital Transformation**

The e-KYC and Mobile Lending Platform projects have made significant progress and are on track for commercial launch in Q4/2025. These initiatives will streamline loan applications, shorten approval times, and lower long-term acquisition costs.

- **Regulatory Compliance and Customer Protection:**

The Company remains committed to strict compliance with regulatory guidelines and upholding borrower rights, ensuring sustained market trust and brand reputation.