

Sompo Insurance (Thailand) Public Company Limited
Review report and interim financial information
31 March 2023



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Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Sompoo Insurance (Thailand) Public Company Limited

I have reviewed the accompanying statement of financial position of Sompoo Insurance (Thailand) Public Company Limited as at 31 March 2023, the related statements of income, comprehensive income, changes in equity and cash flows for the three-month period ended 31 March 2023 as well as the condensed notes to the interim financial statements (collectively called "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410: Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

Somjai Khunapasut
Certified Public Accountant (Thailand) No. 4499

EY Office Limited
Bangkok: 12 May 2023

Sompo Insurance (Thailand) Public Company Limited**Statements of financial position****As at 31 March 2023 and 31 December 2022**

| | | | (Unit: Baht) |
|----------------------------------------|--------|-----------------------------|----------------------|
| | Note | 31 March 2023 | 31 December 2022 |
| | | (Unaudited but reviewed) | (Audited) |
| Assets | | | |
| Cash and cash equivalents | 4 | 523,647,117 | 390,909,011 |
| Premium receivables | 5, 18 | 656,829,244 | 739,404,074 |
| Accrued investment income | | 11,403,498 | 10,800,439 |
| Reinsurance assets | 6 | 1,372,003,783 | 1,491,741,693 |
| Receivables from reinsurance contracts | 7, 18 | 312,779,892 | 186,071,205 |
| Debt financial assets | 8 | 2,578,694,215 | 2,568,611,196 |
| Equity financial assets | 9 | 27,801,409 | 27,801,409 |
| Equipment | | 20,887,814 | 22,776,032 |
| Right-of-use assets | | 38,255,160 | 45,510,301 |
| Intangible assets | 10 | 754,961,482 | 759,316,680 |
| Deferred tax assets | 11 | 82,197,246 | 52,013,706 |
| Prepaid premium ceded | | 7,080,556 | 10,986,929 |
| Other assets | 12, 18 | 311,543,096 | 338,135,415 |
| Total assets | | 6,698,084,512 | 6,644,078,090 |

The accompanying notes are an integral part of the financial statements.

Sompo Insurance (Thailand) Public Company Limited

Statements of financial position (continued)

As at 31 March 2023 and 31 December 2022

(Unit: Baht)

| | Note | 31 March 2023 (Unaudited but reviewed) | 31 December 2022 (Audited) |
|---------------------------------------------|--------|----------------------------------------------|-------------------------------|
| Liabilities and equity | | | |
| Liabilities | | | |
| Insurance contract liabilities | 13 | 2,905,621,251 | 2,966,507,455 |
| Due to reinsurers | 14, 18 | 1,336,546,212 | 1,254,254,480 |
| Lease liabilities | | 43,511,867 | 50,881,346 |
| Income tax payable | | 41,874,147 | 30,286,925 |
| Employee benefit obligations | | 36,835,021 | 35,917,317 |
| Premium received in advance | | 17,519,937 | 19,700,434 |
| Accrued commission | 18 | 88,455,355 | 93,764,890 |
| Others liabilities | 15, 18 | 190,156,629 | 200,965,683 |
| Total liabilities | | 4,660,520,419 | 4,652,278,530 |
| Equity | | | |
| Share capital | | | |
| Registered | | | |
| 18,103,153 ordinary shares of Baht 100 each | | 1,810,315,300 | 1,810,315,300 |
| Issued and paid-up | | | |
| 18,103,153 ordinary shares of Baht 100 each | | 1,810,315,300 | 1,810,315,300 |
| Retained earnings | | | |
| Appropriated - statutory reserve | | 7,730,599 | 7,730,599 |
| Unappropriated | | 197,914,000 | 152,149,467 |
| Other components of equity | | 21,604,194 | 21,604,194 |
| Total equity | | 2,037,564,093 | 1,991,799,560 |
| Total liabilities and equity | | 6,698,084,512 | 6,644,078,090 |

The accompanying notes are an integral part of the financial statements.

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Tom Yum



Directors บริษัท ซมโปะ ประกันภัย (ประเทศไทย) จำกัด (มหาชน)
Sompo Insurance (Thailand) Public Company Limited

(Unaudited but reviewed)

Sompo Insurance (Thailand) Public Company Limited

Statements of income

For the three-month periods ended 31 March 2023 and 2022

(Unit: Baht)

| | Note | 2023 | 2022 |
|----------------------------------------------------------------|------|--------------------|--------------------|
| Income | | | |
| Gross premium written | | 863,777,259 | 757,004,461 |
| Less: Premium ceded to reinsurers | | (435,457,334) | (447,826,880) |
| Net premium written | | 428,319,925 | 309,177,581 |
| Less: Unearned premium reserves increased from prior period | | (27,896,406) | (7,443,140) |
| Net earned premium | | 400,423,519 | 301,734,441 |
| Fee and commission income from reinsurers | | 115,210,224 | 122,289,827 |
| Net investment income | | 11,393,954 | 10,279,178 |
| Gain on financial instruments | | - | 6,341 |
| Other income | | 2,012,507 | 2,966,437 |
| Total income | | 529,040,204 | 437,276,224 |
| Expenses | | | |
| Gross claim and loss adjustment expenses | | 369,125,405 | 271,994,072 |
| Less: Claim recovery from reinsurers | | (160,059,007) | (101,554,851) |
| Commission and brokerage expenses | | 120,722,054 | 103,934,097 |
| Other underwriting expenses | | 67,319,183 | 57,236,790 |
| Operating expenses | 16 | 98,730,369 | 76,997,302 |
| Financial costs | | 623,260 | 1,746,093 |
| Expected credit loss (reversal) | | (382,891) | 121,982 |
| Total expenses | | 496,078,373 | 410,475,485 |
| Profit before income tax | | 32,961,831 | 26,800,739 |
| Income tax benefit (expenses) | 11 | 12,802,702 | (15,861,222) |
| Profit for the period | | 45,764,533 | 10,939,517 |
| Earnings per share | 17 | | |
| Basic earning per share | | 2.53 | 0.60 |

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Sompo Insurance (Thailand) Public Company Limited

Statements of comprehensive income

For the three-month periods ended 31 March 2023 and 2022

| | (Unit: Baht) | |
|--------------------------------------------------|-----------------------------|-----------------------------|
| | 2023 | 2022 |
| | <u> </u> | <u> </u> |
| Profit for the period | 45,764,533 | 10,939,517 |
| | <u> </u> | <u> </u> |
| Other comprehensive income for the period | - | - |
| | <u> </u> | <u> </u> |
| Total comprehensive income for the period | 45,764,533 | 10,939,517 |
| | <u> </u> | <u> </u> |

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Sompo Insurance (Thailand) Public Company Limited

Statements of changes in equity

For the three-month periods ended 31 March 2023 and 2022

| | Issued and paid up share capital | Retained earnings | | Other components of equity - equity instruments designated to be measured at fair value through other comprehensive income | Total |
|-------------------------------------------|----------------------------------------|-------------------------------------|----------------|----------------------------------------------------------------------------------------------------------------------------------------|---------------|
| | | Appropriated - statutory reserve | Unappropriated | | |
| Balance as at 1 January 2022 | 1,810,315,300 | - | 34,117,170 | 17,617,132 | 1,862,049,602 |
| Profit for the period | - | - | 10,939,517 | - | 10,939,517 |
| Other comprehensive income for the period | - | - | - | - | - |
| Total comprehensive income for the period | - | - | 10,939,517 | - | 10,939,517 |
| Balance as at 31 March 2022 | 1,810,315,300 | - | 45,056,687 | 17,617,132 | 1,872,989,119 |
| Balance as at 1 January 2023 | 1,810,315,300 | 7,730,599 | 152,149,467 | 21,604,194 | 1,991,799,560 |
| Profit for the period | - | - | 45,764,533 | - | 45,764,533 |
| Other comprehensive income for the period | - | - | - | - | - |
| Total comprehensive income for the period | - | - | 45,764,533 | - | 45,764,533 |
| Balance as at 31 March 2023 | 1,810,315,300 | 7,730,599 | 197,914,000 | 21,604,194 | 2,037,564,093 |

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Sompo Insurance (Thailand) Public Company Limited

Statements of cash flows

For the three-month periods ended 31 March 2023 and 2022

| | (Unit: Baht) | |
|-------------------------------------------------------|--------------------|--------------------|
| | 2023 | 2022 |
| Cash flows from (used in) operating activities | | |
| Direct premium written | 894,211,770 | 767,980,298 |
| Cash paid for reinsurance | (244,809,182) | (227,182,196) |
| Interest income | 10,792,120 | 8,300,352 |
| Other income | 2,010,890 | 2,966,437 |
| Loss incurred on direct insurance | (255,649,258) | (161,823,429) |
| Commission and brokerage expenses on direct insurance | (115,238,167) | (104,907,501) |
| Other underwriting expenses | (56,781,743) | (53,452,256) |
| Operating expenses | (79,592,741) | (79,189,758) |
| Income tax income | 3,979,208 | 50,525,475 |
| Cash flows from financial assets | 424,696,893 | 88,342,618 |
| Cash flows used in financial assets | (434,500,353) | (142,162,270) |
| Net cash flows from operating activities | 149,119,437 | 149,397,770 |
| Cash flows from (used in) investing activities | | |
| Cash paid for purchase of equipment | (127,917) | (90,869) |
| Cash paid for purchase of intangible assets | (8,788,618) | (735,000) |
| Net cash flows used in investing activities | (8,916,535) | (825,869) |
| Cash flows from (used in) financial activities | | |
| Repayment of liabilities under lease agreements | (7,566,904) | (7,750,248) |
| Net cash flows used in financial activities | (7,566,904) | (7,750,248) |
| Expected credit loss (increase) decrease | 102,108 | (82,701) |
| Net increase in cash and cash equivalents | 132,738,106 | 140,738,952 |
| Cash and cash equivalents at beginning of period | 390,909,011 | 312,068,207 |
| Cash and cash equivalents at end of period | 523,647,117 | 452,807,159 |

The accompanying notes are an integral part of the financial statements.

Sompo Insurance (Thailand) Public Company Limited
Notes to interim financial statements
For the three-month periods ended 31 March 2023 and 2022

1. General information

1.1 General information of the Company

Sompo Insurance (Thailand) Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company’s major shareholders are C.K.T Holding Company Limited, a company registered and incorporated in Thailand, holding 51% of the Company’s issued and paid-up capital, and Sompo Japan Insurance Inc., a company registered in Japan and the Group’s ultimate parent company, holding 49%.

The Company is principally engaged in the provision of non-life insurance and its registered address is 990 Abdulrahim Place 12th and 14th Floor, Rama 4 Road, Silom, Bangrak, Bangkok.

2. Basis for the preparation of the financial information

2.1 Basis for the preparation of the interim financial information

This interim financial information is prepared in accordance with Thai Accounting Standard No. 34 “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented line items in the statements of financial position, income, comprehensive income, changes in equity and cash flows in the same format as that used for annual financial statements, and in accordance with the format of financial statements specified in the Notification of the Office of Insurance Commission (“OIC”) regarding criteria, procedures, terms and conditions for preparation and submission of financial statements of non-life insurance companies B.E. 2566 dated 8 February 2023.

This interim financial information is intended to provide information additional to that included in the latest annual financial statements. Accordingly, the interim financial information focuses on new activities, events and circumstances so as not to duplicate information previously reported. This interim financial information should therefore be read in conjunction with the latest annual financial statements.

(Unaudited but reviewed)

The interim financial information in Thai language is the official statutory financial information of the Company. The interim financial information in English language has been translated from the Thai language interim financial information.

2.2 Significant accounting policies

The interim financial information is prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2022.

2.3 Financial reporting standards that became effective in the current period

The revised financial reporting standards which are effective for fiscal year beginning on or after 1 January 2023 do not have any significant impact on the Company's financial statements.

3. Classification of financial assets and financial liabilities

As at 31 March 2023 and 31 December 2022, carrying amounts of financial assets and financial liabilities were classified as follows:

(Unit: Baht)

| | 31 March 2023 | | |
|------------------------------|--------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|---------------|
| | Equity instruments designated to be measured at fair value through other comprehensive income | Financial instruments measured at amortised cost | Total |
| Financial assets | | | |
| Cash and cash equivalents | - | 523,647,117 | 523,647,117 |
| Accrued investment income | - | 11,403,498 | 11,403,498 |
| Debt financial assets | - | 2,578,694,215 | 2,578,694,215 |
| Equity financial assets | 27,801,409 | - | 27,801,409 |
| Financial liabilities | | | |
| Lease liabilities | - | 43,511,867 | 43,511,867 |

(Unaudited but reviewed)

(Unit: Baht)

31 December 2022

| | Equity instruments designated to be measured at fair value through other comprehensive income | Financial instruments measured at amortised cost | Total |
|------------------------------|--------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|---------------|
| Financial assets | | | |
| Cash and cash equivalents | - | 390,909,011 | 390,909,011 |
| Accrued investment income | - | 10,800,439 | 10,800,439 |
| Debt financial assets | - | 2,568,611,196 | 2,568,611,196 |
| Equity financial assets | 27,801,409 | - | 27,801,409 |
| Financial liabilities | | | |
| Lease liabilities | - | 50,881,346 | 50,881,346 |

4. Cash and cash equivalents

(Unit: Baht)

| | 31 March 2023 | 31 December 2022 |
|-----------------------------------------------|---------------|------------------|
| Cash on hand | 31,000 | 31,000 |
| Deposits at banks with no fixed maturity date | 523,743,243 | 391,107,245 |
| Total cash and cash equivalents | 523,774,243 | 391,138,245 |
| Less: Allowance for expected credit loss | (127,126) | (229,234) |
| Cash and cash equivalents - net | 523,647,117 | 390,909,011 |

5. Premium receivables

The balances as at 31 March 2023 and 31 December 2022 of premium receivables due from direct insurance are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

(Unit: Baht)

| | 31 March 2023 | 31 December 2022 |
|---------------------------------------|---------------|------------------|
| Not yet due | 376,747,215 | 335,794,218 |
| Not over 30 days | 57,559,565 | 251,372,797 |
| Over 31 days to 60 days | 174,345,022 | 39,841,295 |
| Over 61 days to 90 days | 14,134,378 | 5,909,786 |
| Over 91 days | 34,422,063 | 106,864,977 |
| Total | 657,208,243 | 739,783,073 |
| Less: Allowance for doubtful accounts | (378,999) | (378,999) |
| Total premium receivables - net | 656,829,244 | 739,404,074 |

(Unaudited but reviewed)

6. Reinsurance assets

| | (Unit: Baht) | |
|------------------------------------------------|----------------------|----------------------|
| | 31 March 2023 | 31 December 2022 |
| Insurance reserves recoverable from reinsurers | | |
| - Loss reserves | 395,249,467 | 318,234,869 |
| - Unearned premium reserves | 976,754,316 | 1,173,506,824 |
| Total reinsurance assets | <u>1,372,003,783</u> | <u>1,491,741,693</u> |

7. Receivables from reinsurance contracts

| | (Unit: Baht) | |
|-----------------------------|--------------------|--------------------|
| | 31 March 2023 | 31 December 2022 |
| Amounts due from reinsurers | <u>312,779,892</u> | <u>186,071,205</u> |

8. Debt financial assets**8.1 Classified by type of financial assets**

| | (Unit: Baht) | |
|-------------------------------------------------------------------|----------------------|----------------------|
| | 31 March 2023 | 31 December 2022 |
| | Amortised cost | Amortised cost |
| Debt instruments measured at amortised cost | | |
| Government and state enterprise securities | 468,416,814 | 286,286,312 |
| Private debt instruments | 1,133,265,995 | 1,126,417,507 |
| Deposits at financial institutions with maturity over 3 months | <u>978,152,608</u> | <u>1,157,328,138</u> |
| Total | 2,579,835,417 | 2,570,031,957 |
| Less: Allowance for expected credit loss | <u>(1,141,202)</u> | <u>(1,420,761)</u> |
| Total debt financial assets - net | <u>2,578,694,215</u> | <u>2,568,611,196</u> |

8.2 Classified by stage of credit risk

| | 31 March 2023 | | | 31 December 2022 | | |
|-----------------------------------------------------------------------------|-------------------------|------------------------------------------|-----------------------|-------------------------|------------------------------------------|-----------------------|
| | Gross carrying value | Allowance for expected credit loss | Net carrying value | Gross carrying value | Allowance for expected credit loss | Net carrying value |
| Debt instruments measured at amortised cost | | | | | | |
| Stage 1 - Debt securities with no significant increase in credit risk | <u>2,579,835,417</u> | <u>(1,141,202)</u> | <u>2,578,694,215</u> | <u>2,570,031,957</u> | <u>(1,420,761)</u> | <u>2,568,611,196</u> |

8.3 Financial assets with restrictions and commitments

As at 31 March 2023 and 31 December 2022, the following assets have been pledged as security, policy reserve with the Registrar of the Office of Insurance Commission in accordance with the Non-Life Insurance Act, and pledged as bail bond in case of where insured driver have been charged with criminal offence as below.

(Unit: Million Baht)

| | 31 March 2023 | | 31 December 2022 | |
|--------------------------------------------|----------------|--------------|------------------|--------------|
| | Amortised cost | Fair value | Amortised cost | Fair value |
| Assets pledged | | | | |
| Government bonds | 18.9 | 20.4 | 18.9 | 20.5 |
| Assets reserve as insurance reserve | | | | |
| Government bonds | 291.1 | 297.6 | 190.5 | 196.7 |
| Assets subject to other restriction | | | | |
| Saving lottery which pledged | 1.7 | 1.7 | 1.7 | 1.7 |
| Total | 311.7 | 319.7 | 211.1 | 218.9 |

9. Equity financial assets

9.1 Classified by type of equity financial assets

(Unit: Baht)

| | 31 March 2023 | | 31 December 2022 | |
|------------------------------------------------------------------------------------------------------|-------------------|------------|-------------------|------------|
| | Cost | Fair value | Cost | Fair value |
| Equity instruments designated to be measured at fair value through other comprehensive income | | | | |
| Non-listed equity instruments | 796,166 | 27,801,409 | 796,166 | 27,801,409 |
| Add: Unrealised gain | 27,005,243 | | 27,005,243 | |
| Total equity financial assets - net | 27,801,409 | | 27,801,409 | |

10. Intangible assets

(Unit: Baht)

| | For the three-month period ended 31 March 2023 | | | |
|-----------------------------------------|------------------------------------------------|-------------------------------|------------------------------------------|--------------|
| | Computer software | Computer software in progress | Rights under the Bancassurance agreement | Total |
| Net book value as at 1 January 2023 | 15,829,360 | 85,270,142 | 658,217,178 | 759,316,680 |
| Acquisition during the period - at cost | - | 8,788,618 | - | 8,788,618 |
| Amortisation charge for the period | (667,079) | - | (12,476,737) | (13,143,816) |
| Net book value as at 31 March 2023 | 15,162,281 | 94,058,760 | 645,740,441 | 754,961,482 |

10.1 Rights under the bancassurance agreement

On 19 September 2017, the Company entered into a Distribution agreement (“Agreement”) with a commercial bank and certain companies in the Bank’s Group. The Agreement is effective from 4 November 2020 to 31 December 2035. Under this Agreement, the Company is committed to pay the fees and applicable taxes, as consideration for the Bank and its group granting the Company to access their distribution channel for insurance products and also acting as the insurance agents over the agreement term. The Company has therefore recognised the net present value of the amount to be paid in order to obtain the right under the agreement with directly related expenses as an intangible asset totaling Baht 767 million. The payment period is as specified in the agreement, depending on the premium amount the counterparty is able to gain for each period. The rights will be amortised as expenses over the term of the agreement. Under the terms and conditions of this agreement, the Company has to pay commission and other fees at the rate specified in the agreement, and such amount will be recognised as expenses on an accrual basis in the statement of income in the period they are incurred.

As at 31 March 2023, the carrying value of the access right to distribution channel were Baht 645.7 million (31 December 2022: Baht 658.2 million).

11. Deferred tax assets / income tax expenses

11.1 Deferred tax assets/liabilities

The components of deferred tax assets and deferred tax liabilities as at 31 March 2023 and 31 December 2022 are as follows:

| | | | (Unit: Baht) | |
|----------------------------------------------------------------------------------------------------------------|-------------------|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| | 31 March 2023 | 31 December 2022 | Changes in deferred tax assets and liabilities recognised in the statement of income for the three-month periods ended 31 March | |
| | | | 2023 | 2022 |
| Deferred tax assets/(liabilities) | | | | |
| Allowance for expected credit loss | 255,578 | 332,157 | (76,579) | - |
| Allowance for loss on impairment of equity instruments | 379,549 | 379,549 | - | - |
| Right-of-use assets and lease liabilities | 1,051,341 | 1,074,209 | (22,868) | - |
| Rights under the bancassurance agreement | 2,617,195 | 2,667,763 | (50,568) | - |
| Loss reserve | 45,044,630 | 24,158,719 | 20,885,911 | - |
| Unearned premium reserve | 30,566,638 | 21,618,895 | 8,947,743 | - |
| Post employee benefit obligations | 7,367,004 | 7,183,463 | 183,541 | 325,328 |
| Gain on equity instruments designated to be measured at fair value through other comprehensive income | (5,401,049) | (5,401,049) | - | - |
| Others | 316,360 | - | 316,360 | - |
| Deferred tax assets - net | 82,197,246 | 52,013,706 | | |
| Changes in deferred tax assets and liabilities recognised in the statement of income | | | 30,183,540 | 325,328 |

As at 31 March 2023, the Company has temporary differences of Baht 487.0 million (31 December 2022: Baht 585.1 million) to be utilised as tax deductions in the future. The Company did not record this amount as deferred tax assets since the Company assessed is that there may not be sufficient taxable profit available in the future to utilise these items.

11.2 Income tax expenses

Income tax expenses (benefit) for the three-month periods ended 31 March 2023 and 2022 are as follows:

| | (Unit: Baht) | |
|----------------------------------------------------------------------------|---------------------------------------------------|-------------------|
| | <u>For the three-month periods ended 31 March</u> | |
| | <u>2023</u> | <u>2022</u> |
| Current income tax: | | |
| Current income tax charge for the period | 17,380,838 | 16,186,550 |
| Deferred tax: | | |
| Deferred tax relating to origination and reversal of temporary differences | (30,183,540) | (325,328) |
| Income tax expenses (benefit) reported in the statement of income | <u>(12,802,702)</u> | <u>15,861,222</u> |

The reconciliations between income tax expenses (benefit) and the product of accounting profit for the three-month periods ended 31 March 2023 and 2022 and the applicable tax rate are as follows:

| | (Unit: Baht) | |
|------------------------------------------------------------------------------|---------------------------------------------------|-------------------|
| | <u>For the three-month periods ended 31 March</u> | |
| | <u>2023</u> | <u>2022</u> |
| Accounting profit before income tax expenses | 32,961,831 | 26,800,739 |
| Applicable tax rate | 20% | 20% |
| Accounting profit before income tax expenses multiple by applicable tax rate | 6,592,366 | 5,360,148 |
| Tax effect of: | | |
| Temporary differences not recognised as deferred tax | (19,626,082) | 10,281,246 |
| Non-taxable income and non-deductible expenses | 231,014 | 219,828 |
| Income tax expenses (benefit) reported in the statement of income | <u>(12,802,702)</u> | <u>15,861,222</u> |

(Unaudited but reviewed)

12. Other assets

(Unit: Baht)

| | 31 March 2023 | 31 December 2022 |
|-----------------------------------------|---------------|------------------|
| Withholding tax refundable | 65,868,640 | 65,868,640 |
| Input tax refundable | 24,137,531 | 33,910,356 |
| Suspense input tax | 56,887,602 | 38,404,040 |
| Deposits on rice field insurance scheme | 69,019,720 | 106,947,977 |
| Prepaid commission expenses | 63,509,747 | 63,323,483 |
| Others | 32,119,856 | 29,680,919 |
| Total other assets | 311,543,096 | 338,135,415 |

13. Insurance contract liabilities

(Unit: Baht)

| | 31 March 2023 | | |
|-----------------------------------|--------------------|-----------------|---------------|
| | Liabilities | | |
| | Insurance contract | recovered from | |
| | liabilities | reinsurance | Net |
| Loss reserves | | | |
| - Claim incurred and reported | 350,179,061 | (127,614,265) | 222,564,796 |
| - Claim incurred but not reported | 593,499,543 | (267,635,202) | 325,864,341 |
| Unearned premium reserves | 1,961,942,647 | (976,754,316) | 985,188,331 |
| Total | 2,905,621,251 | (1,372,003,783) | 1,533,617,468 |

(Unit: Baht)

| | 31 December 2022 | | |
|-----------------------------------|--------------------|-----------------|---------------|
| | Liabilities | | |
| | Insurance contract | recovered from | |
| | liabilities | reinsurance | Net |
| Loss reserves | | | |
| - Claim incurred and reported | 336,326,248 | (124,160,081) | 212,166,167 |
| - Claim incurred but not reported | 499,382,458 | (194,074,788) | 305,307,670 |
| Unearned premium reserves | 2,130,798,749 | (1,173,506,824) | 957,291,925 |
| Total | 2,966,507,455 | (1,491,741,693) | 1,474,765,762 |

(Unaudited but reviewed)

13.1 Loss reserves

(Unit: Baht)

| | For the three-month period ended 31 March 2023 | For the year ended 31 December 2022 |
|-------------------------------------------------------------------|------------------------------------------------------|----------------------------------------|
| Beginning balance | 835,708,706 | 729,611,639 |
| Claim expenses incurred during the period/year | 253,885,806 | 839,131,342 |
| Change in loss reserves of claim incurred in prior period/year | 9,278,616 | 75,937,488 |
| Change in assumption in calculating loss reserves | 94,117,084 | 80,242,395 |
| Claim paid during the period/year | (249,311,608) | (889,214,158) |
| Ending balance | 943,678,604 | 835,708,706 |

13.2 Unearned premium reserves

(Unit: Baht)

| | For the three-month period ended 31 March 2023 | For the year ended 31 December 2022 |
|--------------------------------------------|------------------------------------------------------|----------------------------------------|
| Beginning balance | 2,130,798,749 | 1,810,486,853 |
| Premium written for the period/year | 863,777,259 | 4,178,490,930 |
| Premium earned for the current period/year | (1,032,633,361) | (3,858,179,034) |
| Ending balance | 1,961,942,647 | 2,130,798,749 |

14. Due to reinsurers

(Unit: Baht)

| | 31 March 2023 | 31 December 2022 |
|---------------------------------|---------------|------------------|
| Amounts withheld on reinsurance | 655,572,620 | 550,296,662 |
| Other reinsurance payable | 680,973,592 | 703,957,818 |
| Total due to reinsurers | 1,336,546,212 | 1,254,254,480 |

15. Other liabilities

(Unit: Baht)

| | 31 March 2023 | 31 December 2022 |
|--------------------------------|---------------|------------------|
| Commission received in advance | 40,835,489 | 41,262,854 |
| Accrued expenses | 48,598,426 | 81,363,846 |
| Short - term employee benefits | 37,383,636 | 33,754,755 |
| Other payables | 7,122,921 | 1,481,840 |
| Undue output tax | 25,813,848 | 16,515,299 |
| Others | 30,402,309 | 26,587,089 |
| Total other liabilities | 190,156,629 | 200,965,683 |

(Unaudited but reviewed)

16. Operating expenses

(Unit: Baht)

For the three-month periods ended 31 March

| | 2023 | 2022 |
|------------------------------------------------------------------------------------|------------|------------|
| Personnel expenses which are not expenses for underwriting and claims | 53,000,367 | 45,600,102 |
| Premises and equipment expenses which are not expenses for underwriting and claims | 13,539,638 | 13,086,219 |
| Taxes and duties | 654,386 | 1,460,066 |
| Other operating expenses | 31,535,978 | 16,850,915 |
| Total operating expenses | 98,730,369 | 76,997,302 |

17. Earnings per share

Basic earnings per share is calculated by dividing profit for the period (excluding other comprehensive income) by the weighted average number of ordinary shares issued during the period.

18. Related party transactions

18.1 Nature of relationship

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The relationships between the Company and its related parties are summarised below.

| Name of related parties | Nature of relationship |
|---------------------------------------------------------------|-----------------------------------------|
| Sompo Japan Insurance Inc. | Ultimate parent company and shareholder |
| C.K.T Holding Company Limited | Major shareholder |
| Sompo Brokers (Thailand) Company Limited | Common shareholder in the same group |
| Sompo Insurance Singapore Pte. Ltd. | Common shareholder in the same group |
| Sompo Holdings (Asia) Pte. Ltd. | Common shareholder in the same group |
| Sompo Holding Inc. | Common shareholder in the same group |
| Sompo International Holdings Ltd. | Common shareholder in the same group |
| Sompo Japan Nipponkoa Reinsurance (Hong Kong) Company Limited | Common shareholder in the same group |
| Universal Sompo General Insurance Co., Ltd. | Common shareholder in the same group |
| Endurance Assurance Corporation | Common shareholder in the same group |
| Endurance Worldwide Insurance Ltd. | Common shareholder in the same group |

18.2 Intercompany transactions

During the periods, the Company had significant business transactions with its related parties. Such transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those parties are as follows:

(Unit: Million Baht)

| | For the three-month periods | | Transfer pricing policy |
|--------------------------------------------------|-----------------------------|-------|---------------------------------------------------------------------------------------------------------|
| | ended 31 March | | |
| | 2023 | 2022 | |
| Transactions with ultimate parent company | | | |
| Premium ceded | 186.6 | 191.8 | Reinsurance rate depending on type of insurance and reinsurance contracts |
| Fee and commission income | 69.1 | 67.8 | Reinsurance rate depending on type of insurance and reinsurance contracts |
| Claim recovery | 34.7 | 41.6 | According to terms of reinsurance contracts depending on types of insurance and reinsurance |
| Transactions with related companies | | | |
| Premium ceded | 1.4 | 1.7 | Reinsurance rate depending on type of insurance and reinsurance contracts |
| Fee and commission income | 0.3 | 0.4 | Reinsurance rate depending on type of insurance and reinsurance contracts |
| Commission paid on direct insurance | 22.7 | 26.0 | In accordance with the Notification by the Registrar regarding "Commission rate for Non-life insurance" |
| Claim recovery | 34.5 | 4.2 | According to terms of reinsurance contracts depending on types of insurance and reinsurance |
| Management fee expenses | 1.5 | 1.2 | At the contract price |

(Unaudited but reviewed)

The Company had the following outstanding balances with related party as at 31 March 2023 and 31 December 2022.

| | (Unit: Million Baht) | |
|-----------------------------------------------------|----------------------|------------------|
| | 31 March 2023 | 31 December 2022 |
| Transactions with ultimate parent company | | |
| Receivables from reinsurance contracts | 15.4 | 57.6 |
| Due to reinsurers - amounts withheld on reinsurance | 409.7 | 294.0 |
| Due to reinsurers - other reinsurance payable | 189.7 | 219.8 |
| Transactions with related companies | | |
| Premium receivables | 124.0 | 162.2 |
| Receivables from reinsurance contracts | 22.3 | 7.4 |
| Other assets | 1.9 | 2.0 |
| Due to reinsurers - amounts withheld on reinsurance | 40.3 | 90.8 |
| Due to reinsurers - other reinsurance payable | 2.9 | 25.4 |
| Accrued commission | 19.5 | 24.2 |
| Other liabilities | 1.5 | 6.1 |

Directors and management's remuneration

During the three-month periods ended 31 March 2023 and 2022, the Company had employment benefit expenses of its directors and management personnel as following.

| | (Unit: Million Baht) | |
|---------------------|-----------------------------|------|
| | For the three-month periods | |
| | ended 31 March | |
| | 2023 | 2022 |
| Short-term benefits | 9.2 | 9.1 |
| Long-term benefits | 0.2 | 0.1 |
| Total | 9.4 | 9.2 |

(Unaudited but reviewed)

19. Commitments and contingent liabilities

19.1 Operating lease and services commitments

As at 31 March 2023, future minimum lease payments required under lease and services agreements which are not recognised as right-of-use assets are as follow.

| | (Unit: Million Baht) |
|-----------------|----------------------|
| | <u>Amount</u> |
| Payable within: | |
| Within 1 year | 5.6 |
| 1 to 4 years | 3.1 |

19.2 Bank guarantees

As at 31 March 2023, there were outstanding bank guarantees of Baht 2.3 million (31 December 2022: Baht 2.3 million) issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business.

19.3 Litigation

As at 31 March 2023, the Company has been sued for damaged totaling approximately Baht 37.7 million (31 December 2022: Baht 35.4 million) as insurer. The total maximum sum insured per the relevant policy is Baht 324.9 million (31 December 2022: Baht 324.3 million). The outcomes of these cases have not yet finalised but the Company has recorded loss reserves for its contingent loss amounting to Baht 8.2 million (31 December 2022: Baht 16.7 million) in the financial statements. The Company's management believes that such provision is adequate.

20. Fair value financial instruments

As at 31 March 2023 and 31 December 2022, the Company had financial assets that were measured at fair value, presenting levels of fair value hierarchy as following:

| | (Unit: Million Baht) | | | |
|-------------------------------------------------------------------------------------------------------------------------|----------------------|----------------|----------------|--------------|
| | <u>31 March 2023</u> | | | |
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Financial assets measured at fair value | | | | |
| Equity financial assets - Equity instruments designated to be measured at fair value through other comprehensive income | - | - | 27.8 | 27.8 |

(Unaudited but reviewed)

(Unit: Million Baht)

| | 31 December 2022 | | | |
|-------------------------------------------------------------------------------------------------------------------------|------------------|---------|---------|-------|
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets measured at fair value | | | | |
| Equity financial assets - Equity instruments designated to be measured at fair value through other comprehensive income | - | - | 27.8 | 27.8 |

In addition to the financial assets that are presented at fair value as mentioned above, the Company also has financial assets that are presented at amortised cost but has to disclose their fair value, which consist of cash and cash equivalents, deposit at financial institutions, accrued investment income and debt instruments. Most of those financial assets are classified as short-term and/or have interest rates that are close to market rates, therefore, the carrying amounts of these financial instruments is estimated to approximate their fair value, except for certain investments in debt instruments whose fair value was differ from the carrying amount as follows.

| | 31 March 2023 | | 31 December 2022 | |
|----------------------------------------------------------------|----------------|----------------|------------------|----------------|
| | Carrying value | Fair value | Carrying value | Fair value |
| Debt instruments measured at amortised cost | | | | |
| Government and state enterprise securities | 468.4 | 476.4 | 286.3 | 294.1 |
| Private debt securities | 1,132.6 | 1,125.7 | 1,125.8 | 1,119.3 |
| Deposits at financial institutions with maturity over 3 months | 977.7 | 978.2 | 1,156.5 | 1,157.3 |
| | <u>2,578.7</u> | <u>2,580.3</u> | <u>2,568.6</u> | <u>2,570.7</u> |

During the current period, there were no change in the methods and assumption used by the Company in estimating the fair value of financial instruments and no transfers within the fair value hierarchy.

21. Events after the reporting period

On 26 April 2023, the Annual General Meeting of the Company's shareholders approved a dividend payment from net profit for 2022 to the ordinary shareholders amounting to 18.1 million shares at a rate of Baht 1.38 per share, a total of Baht 25.0 million.

22. Approval of interim financial information

This interim financial information was authorised for issue by the Company's Audit Committee on 12 May 2023.