

Sompo Insurance (Thailand) Public Company Limited  
Review report and interim financial information  
30 September 2021

## **Independent Auditor's Report on Review of Interim Financial Information**

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

I have reviewed the accompanying statement of financial position of Sompo Insurance (Thailand) Public Company Limited as at 30 September 2021, the related statements of income and comprehensive income for the three-month and nine-month periods ended 30 September 2021, and the statements of changes in equity and cash flows for the nine-month period then ended, 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 November 2021

**Sompo Insurance (Thailand) Public Company Limited****Statement of financial position****As at 30 September 2021**

		(Unit: Baht)	
	Note	30 September 2021	31 December 2020
		(Unaudited but reviewed)	(Audited)
<b>Assets</b>			
Cash and cash equivalents	4	264,566,280	261,899,141
Premium receivables	5, 21	513,760,885	516,749,852
Accrued investment income		17,374,574	10,033,652
Reinsurance assets	6	1,511,672,598	1,371,395,268
Receivables from reinsurance contracts	7, 21	134,565,783	57,829,696
Debt financial assets	8	2,987,995,528	2,844,916,916
Equity financial assets	9	14,657,889	14,645,361
Equipment	10	22,109,047	31,208,680
Right-of-use assets		79,641,542	31,106,101
Intangible assets	11	763,726,914	785,916,371
Deferred tax assets	12	5,394,034	5,944,790
Prepaid premium ceded		133,115,224	166,030,357
Other assets	13	427,612,794	363,019,694
<b>Total assets</b>		<b>6,876,193,092</b>	<b>6,460,695,879</b>

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

**Sompo Insurance (Thailand) Public Company Limited**

**Statement of financial position (continued)**

**As at 30 September 2021**

		(Unit: Baht)	
	Note	30 September 2021	31 December 2020
		(Unaudited but reviewed)	(Audited)
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Insurance contract liabilities	14	2,498,001,039	2,217,755,798
Due to reinsurers	15, 21	1,492,437,716	1,157,137,574
Lease liabilities		84,699,116	34,124,872
Payable under the Distribution Agreement	11	493,380,508	754,336,572
Income tax payable		23,480,778	-
Employee benefit obligations		38,934,144	36,657,513
Premium received in advance		154,958,362	176,446,365
Accrued commission		77,255,084	70,175,910
Others liabilities	16, 21	139,767,803	220,163,542
<b>Total liabilities</b>		<b>5,002,914,550</b>	<b>4,666,798,146</b>
<b>Equity</b>			
Share capital	17		
Registered			
40,200,200 ordinary shares of Baht 100 each		4,020,020,000	4,020,020,000
Issued and paid-up			
40,200,200 ordinary shares of Baht 100 each		4,020,020,000	4,020,020,000
Retained earnings			
Appropriated - statutory reserve		8,881,806	8,881,806
Unappropriated (deficits)		(2,166,712,641)	(2,246,083,428)
Other components of equity		11,089,377	11,079,355
<b>Total equity</b>		<b>1,873,278,542</b>	<b>1,793,897,733</b>
<b>Total liabilities and equity</b>		<b>6,876,193,092</b>	<b>6,460,695,879</b>

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

*Amir Hamza*

Directors

河野 親由



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

(Unaudited but reviewed)

**Sompo Insurance (Thailand) Public Company Limited****Statement of income****For the three-month period ended 30 September 2021**

		(Unit: Baht)	
	Note	2021	2020
<b>Income</b>			
Gross premium written		962,657,167	834,426,114
Less: Premium ceded to reinsurers		(683,285,032)	(638,289,857)
Net premium written		279,372,135	196,136,257
Add (less): Unearned premium reserves (increased) decreased from the prior period		(27,238,474)	9,634,426
Net earned premium		252,133,661	205,770,683
Fee and commission income from reinsurers		163,902,744	157,550,421
Net investment income	18	11,322,011	8,946,884
Gain (loss) on financial instruments		93,077	(5,897)
Other income		874,832	526,309
<b>Total income</b>		<b>428,326,325</b>	<b>372,788,400</b>
<b>Expenses</b>			
Gross claim and loss adjustment expenses		104,257,181	304,929,181
Less: Claim recovery from reinsurers		7,877,724	(183,024,434)
Commission and brokerage expenses		115,799,496	99,914,638
Other underwriting expenses		61,149,426	37,119,610
Operating expenses	19	72,359,583	93,323,848
Financial costs		2,159,579	343,224
Expected credit loss		292,976	586,067
<b>Total expenses</b>		<b>363,895,965</b>	<b>353,192,134</b>
<b>Profit before income tax</b>		<b>64,430,360</b>	<b>19,596,266</b>
Less: Income tax expenses	12	(12,556,410)	(7,905,037)
<b>Profit for the period</b>		<b>51,873,950</b>	<b>11,691,229</b>
<b>Earnings per share</b>			
Basic earning per share	20	1.29	0.37
Weighted average number of ordinary share (Shares)		40,200,200	31,200,200

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

(Unaudited but reviewed)

**Sompo Insurance (Thailand) Public Company Limited**

**Statement of comprehensive income**

**For the three-month period ended 30 September 2021**

	(Unit: Baht)	
	2021	2020
	<u>                    </u>	<u>                    </u>
<b>Profit for the period</b>	51,873,950	11,691,229
	<u>                    </u>	<u>                    </u>
<b>Other comprehensive income</b>	-	-
	<u>                    </u>	<u>                    </u>
<b>Total comprehensive income for the period</b>	<u><u>51,873,950</u></u>	<u><u>11,691,229</u></u>

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

(Unaudited but reviewed)

**Sompo Insurance (Thailand) Public Company Limited****Statement of income****For the nine-month period ended 30 September 2021**

		(Unit: Baht)	
	Note	2021	2020
<b>Income</b>			
Gross premium written		2,583,888,737	2,226,711,771
Less: Premium ceded to reinsurers		(1,775,979,210)	(1,619,767,003)
Net premium written		807,909,527	606,944,768
Add (less): Unearned premium reserves (increased) decreased from the prior period		(92,115,390)	20,652,734
Net earned premium		715,794,137	627,597,502
Fee and commission income from reinsurers		462,397,611	426,597,410
Net investment income	18	32,753,603	27,670,433
Gain on financial instruments		145,527	47,429
Other income		4,117,878	4,068,079
<b>Total income</b>		<b>1,215,208,756</b>	<b>1,085,980,853</b>
<b>Expenses</b>			
Gross claim and loss adjustment expenses		432,514,489	620,770,635
Less: Claim recovery from reinsurers		(77,859,538)	(305,318,915)
Commission and brokerage expenses		340,754,180	290,420,818
Other underwriting expenses		155,265,384	92,248,127
Operating expenses	19	235,037,258	274,155,611
Financial costs		7,661,183	1,022,532
Expected credit loss		780,807	361,896
<b>Total expenses</b>		<b>1,094,153,763</b>	<b>973,660,704</b>
<b>Profit before income tax</b>		<b>121,054,993</b>	<b>112,320,149</b>
Less: Income tax expenses	12	(41,684,206)	(13,970,697)
<b>Profit for the period</b>		<b>79,370,787</b>	<b>98,349,452</b>
<b>Earnings per share</b>			
Basic earning per share	20	1.97	3.15
Weighted average number of ordinary share (Shares)		40,200,200	31,200,200

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

(Unaudited but reviewed)

**Sompo Insurance (Thailand) Public Company Limited**

**Statement of comprehensive income**

**For the nine-month period ended 30 September 2021**

	(Unit: Baht)	
	2021	2020
	<u>                    </u>	<u>                    </u>
<b>Profit for the period</b>	79,370,787	98,349,452
<b>Other comprehensive income</b>		
Items not to be recognised in statement of income in subsequent period		
Gain on equity instruments designated to be measured at fair value through other comprehensive income	12,528	-
Less: Income tax	(2,506)	-
Total items not to be recognised in statement of income in subsequent period - net of income tax	<u>10,022</u>	<u>-</u>
<b>Total other comprehensive income for the period</b>	<u>10,022</u>	<u>-</u>
<b>Total comprehensive income for the period</b>	<u><u>79,380,809</u></u>	<u><u>98,349,452</u></u>

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



(Unaudited but reviewed)

Sompo Insurance (Thailand) Public Company Limited

Statement of changes in equity

For the nine-month period ended 30 September 2021

(Unit: Baht)

	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 (Deficits)		
<b>Balance as at 1 January 2020</b>	3,120,020,000	8,881,806	(2,257,147,072)	21,478,649	893,233,383
Profit for the period	-	-	98,349,452	-	98,349,452
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	98,349,452	-	98,349,452
<b>Balance as at 30 September 2020</b>	<u>3,120,020,000</u>	<u>8,881,806</u>	<u>(2,158,797,620)</u>	<u>21,478,649</u>	<u>991,582,835</u>
<b>Balance as at 1 January 2021</b>	4,020,020,000	8,881,806	(2,246,083,428)	11,079,355	1,793,897,733
Profit for the period	-	-	79,370,787	-	79,370,787
Other comprehensive income for the period	-	-	-	10,022	10,022
Total comprehensive income for the period	-	-	79,370,787	10,022	79,380,809
<b>Balance as at 30 September 2021</b>	<u>4,020,020,000</u>	<u>8,881,806</u>	<u>(2,166,712,641)</u>	<u>11,089,377</u>	<u>1,873,278,542</u>

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

(Unaudited but reviewed)

**Sompo Insurance (Thailand) Public Company Limited**

**Statement of cash flows**

**For the nine-month period ended 30 September 2021**

	(Unit: Baht)	
	2021	2020
<b>Cash flows from (used in) operating activities</b>		
Direct premium written	2,428,488,389	2,200,474,802
Cash paid for reinsurance	(804,662,563)	(458,284,321)
Interest income	25,528,214	25,410,169
Dividend income	22,500	15,000
Other income	4,496,181	4,117,276
Loss incurred on direct insurance	(373,412,864)	(535,274,044)
Loss adjustment expenses on direct insurance	(50,226,588)	(56,539,488)
Commission and brokerage expenses on direct insurance	(300,241,697)	(257,971,291)
Other underwriting expenses	(156,603,371)	(102,545,760)
Operating expenses	(318,253,071)	(320,851,467)
Cash flows from financial assets	1,118,158,882	767,203,742
Cash flows used in financial assets	(1,261,853,317)	(1,137,640,087)
<b>Net cash flows from operating activities</b>	<b>311,440,695</b>	<b>128,114,531</b>
<b>Cash flows from (used in) investing activities</b>		
Cash receipt from sales of equipment	68,700	409,346
Cash paid for purchase of equipment	(549,108)	(10,048,342)
Cash paid for purchase of intangible assets	(17,566,730)	(11,807,540)
<b>Net cash flows used in investing activities</b>	<b>(18,047,138)</b>	<b>(21,446,536)</b>
<b>Cash flows from (used in) financial activities</b>		
Repayment of liabilities under lease agreements	(22,591,478)	(23,168,034)
Repayment of payable under the distribution agreement	(268,000,000)	-
<b>Net cash flows used in financial activities</b>	<b>(290,591,478)</b>	<b>(23,168,034)</b>
Expected credit loss	(134,940)	(445,827)
<b>Net increase in cash and cash equivalents</b>	<b>2,667,139</b>	<b>83,054,134</b>
Cash and cash equivalents at beginning of period	261,899,141	423,889,560
<b>Cash and cash equivalents at end of period</b>	<b>264,566,280</b>	<b>506,943,694</b>

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 and nine-month periods ended 30 September 2021**

**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. Its parent company is Sompo Japan Insurance Inc. which was incorporated in Japan. The Company is principally engaged in the provision of non-life insurance and its registered address is 990 Abdulrahim Place 12<sup>th</sup> and 14<sup>th</sup> Floor, Rama 4 Road, Silom, Bangrak, Bangkok.

**1.2 The Covid-19 pandemic**

The Covid-19 pandemic is continuing to evolve, and is directly and indirectly affecting businesses in many sectors, resulting in an economic slowdown and instability in money markets and capital markets. This situation may bring uncertainties and may be impacting on the environment in which the Company operates. The Company’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

**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 and operating performance reports of non-life insurance companies (No.2) B.E. 2562 dated 4 April 2019.

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.

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

## **2.2 New financial reporting standards**

### **2.2.1 Financial reporting standards that became effective in the current period**

During the period, the Company has adopted the revised financial reporting standards and interpretations which are effective for fiscal year beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

### **2.2.2 Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2022**

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and, for some standards, providing temporary reliefs or temporary exemptions for users.

The management of the Company believes that adoption of these amendments will not have any significant impact on the Company's financial statements.

### 2.3 Significant accounting policies

The interim financial information is prepared by using the same accounting policies and methods of computation as these were used for the financial statements for the year ended 31 December 2020.

### 3. Classification of financial assets and financial liabilities

As at 30 September 2021 and 31 December 2020, carrying amounts of financial assets and financial liabilities were classified as follow.

	(Unit: Baht)		
	30 September 2021		
	Equity instruments designed to be measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
<b>Financial assets</b>			
Cash and cash equivalents	-	264,566,280	264,566,280
Accrued investment income	-	17,374,574	17,374,574
Debt financial assets	-	2,987,995,528	2,987,995,528
Equity financial assets	14,657,889	-	14,657,889
<b>Financial liabilities</b>			
Lease liabilities	-	84,699,116	84,699,116
			(Unit: Baht)
	31 December 2020		
	Equity instruments designed to be measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
<b>Financial assets</b>			
Cash and cash equivalents	-	261,899,141	261,899,141
Accrued investment income	-	10,033,652	10,033,652
Debt financial assets	-	2,844,916,916	2,844,916,916
Equity financial assets	14,645,361	-	14,645,361
<b>Financial liabilities</b>			
Lease liabilities	-	34,124,872	34,124,872

(Unaudited but reviewed)

**4. Cash and cash equivalents**

	(Unit: Baht)	
	30 September 2021	31 December 2020
Cash on hand	31,000	31,000
Deposits at banks with no fixed maturity date	264,907,790	262,105,711
Total cash and cash equivalents	264,938,790	262,136,711
Less: Allowance for expected credit loss	(372,510)	(237,570)
Cash and cash equivalents - net	<u>264,566,280</u>	<u>261,899,141</u>

**5. Premium receivables**

The balances as at 30 September 2021 and 31 December 2020 of premium receivables which due from direct insurance are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

	(Unit: Baht)	
	30 September 2021	31 December 2020
Not yet due	164,109,570	380,140,640
Not over 30 days	48,727,154	71,595,437
Over 31 days to 60 days	91,607,230	37,631,812
Over 61 days to 90 days	46,010,977	7,067,809
Over 91 days	163,684,953	21,257,226
Total	514,139,884	517,692,924
Less: Allowance for doubtful accounts	(378,999)	(943,072)
Total premium receivables - net	<u>513,760,885</u>	<u>516,749,852</u>

For premium receivables due from agents and brokers, the Company has stipulated the collection guideline in accordance with the law of the premium collection. For overdue premium receivables, the Company has the legal process with such agents and brokers.

(Unaudited but reviewed)

**6. Reinsurance assets**

	(Unit: Baht)	
	30 September 2021	31 December 2020
Insurance recoverable from reinsurers		
- Loss reserves	365,315,273	427,756,030
- Unearned premium reserves	1,146,357,325	943,639,238
Total reinsurance assets	<u>1,511,672,598</u>	<u>1,371,395,268</u>

**7. Receivables from reinsurance contracts**

	(Unit: Baht)	
	30 September 2021	31 December 2020
Amounts due from reinsurers	134,565,783	63,097,754
Less: Allowance for doubtful accounts	-	(5,268,058)
Total receivables from reinsurance contracts - net	<u>134,565,783</u>	<u>57,829,696</u>

The balances as at 30 September 2021 and 31 December 2020 of amounts due from reinsurers are classified by aging as follows:

	(Unit: Baht)	
	30 September 2021	31 December 2020
Not yet due	126,379,195	45,182,674
Not over 1 year	7,959,333	14,427,000
Over 1 year to 2 years	165,355	3,477,319
Over 2 years	61,900	10,761
Total amounts due from reinsurers	<u>134,565,783</u>	<u>63,097,754</u>
Less: Allowance for doubtful accounts	-	(5,268,058)
Total receivables from reinsurance contracts - net	<u>134,565,783</u>	<u>57,829,696</u>

(Unaudited but reviewed)

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

	(Unit: Baht)	
	30 September 2021	31 December 2020
	Amortised cost	Amortised cost
<b>Debt instruments measured at amortised cost</b>		
Government and state enterprise securities	256,040,125	339,623,986
Private debt instruments	1,061,000,609	943,370,292
Deposits at financial institutions which matured over 3 months	1,673,342,126	1,563,671,597
Total	2,990,382,860	2,846,665,875
Less: Allowance for expected credit loss	(2,387,332)	(1,748,959)
Total debt financial assets - net	2,987,995,528	2,844,916,916

**8.2 Classified by stage of credit risk**

	30 September 2021			31 December 2020		
	Allowance for expected credit loss			Allowance for expected credit loss		
	Gross carrying value	recognised in profit or loss	Net carrying value	Gross carrying value	recognised in profit or loss	Net carrying value
<b>Debt instruments measured at amortised cost</b>						
Stage 1 - Debt securities with no significant increase in credit risk	2,990,382,860	(2,387,332)	2,987,995,528	2,846,665,875	(1,748,959)	2,844,916,916



(Unaudited but reviewed)

### 8.3 Financial assets with restrictions and commitments

As at 30 September 2021 and 31 December 2020, 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)

	30 September 2021		31 December 2020	
	Amortised cost	Fair value	Amortised cost	Fair value
<b>Assets pledged</b>				
Government bonds	18.8	21.7	18.8	22.4
<b>Assets reserve as non - life insurance reserve</b>				
Government bonds	192.6	206.9	193.8	214.4
<b>Assets subject to other restriction</b>				
Saving lottery which pledged	3.9	3.9	3.2	3.2
Total	<u>215.3</u>	<u>232.5</u>	<u>215.8</u>	<u>240.0</u>

## 9. Equity financial assets

### 9.1 Classified by type of equity financial assets

(Unit: Baht)

	30 September 2021		31 December 2020	
	Cost	Fair value	Cost	Fair value
<b>Equity instruments designated to be measured at fair value through other comprehensive income</b>				
Non-listed equity instruments	796,166	<u>14,657,889</u>	796,166	<u>14,645,361</u>
Add: Unrealised gain	<u>13,861,723</u>		<u>13,849,195</u>	
Total equity financial assets - net	<u>14,657,889</u>		<u>14,645,361</u>	

(Unaudited but reviewed)

## 10. Equipment

(Unit: Baht)

	For the nine-month period ended 30 September 2021			
	Leasehold improvement	Office equipment	Motor vehicles	Total
Net book value as at 1 January 2021	8,556,870	21,595,443	1,056,367	31,208,680
Acquisition during the period - at cost	8,300	472,108	-	480,408
Write-off during the period - net book value	-	(574,260)	-	(574,260)
Depreciation charge for the period	(2,020,566)	(6,791,138)	(194,077)	(9,005,781)
Net book value as at 30 September 2021	<u>6,544,604</u>	<u>14,702,153</u>	<u>862,290</u>	<u>22,109,047</u>

## 11. Intangible assets

(Unit: Baht)

	For the nine-month period ended 30 September 2021			
	Computer software	Computer software in progress	Rights under the Bancassurance agreement	Total
Net book value as at 1 January 2021	18,299,587	8,199,408	759,417,376	785,916,371
Acquisition during the period - at cost	53,500	17,519,930	-	17,573,430
Write-off during the period - net book value	(6,700)	-	-	(6,700)
Amortisation charge for the period	(1,910,086)	-	(37,846,101)	(39,756,187)
Net book value as at 30 September 2021	<u>16,436,301</u>	<u>25,719,338</u>	<u>721,571,275</u>	<u>763,726,914</u>

### 11.1 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, in consideration of the Bank and the group company granting the Company access to the distribution network for insurance products and also acting as the insurance agents for the Company 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 30 September 2021, the carrying value of the access right to distribution network were Baht 721.6 million (31 December 2020: Baht 759.4 million).

As at 30 September 2021, the payable under the Distribution Agreement was Baht 493.4 million (31 December 2020: Baht 754.3 million) whereby the movement was as below.

	(Unit: Thousand Baht)
	For the nine-month period ended 30 September 2021
Balance - beginning of the period	754,337
Add: amortisation of deferred interest expenses	7,044
Less: payment	(268,000)
Balance - end of the period	<u>493,381</u>

**12. Deferred tax assets / income tax expenses****12.1 Deferred tax assets/liabilities**

The components of deferred tax assets and deferred tax liabilities as at 30 September 2021 and 31 December 2020 are as follows:

	(Unit: Baht)	
	30 September 2021	31 December 2020
<b>Deferred tax assets</b>		
Allowance for expected credit loss	-	399,823
Allowance for loss on impairment of investments in securities	379,549	379,549
Right-of-use assets and lease liabilities	-	603,754
Post employee benefit obligations	7,786,829	7,331,503
Total	<u>8,166,378</u>	<u>8,714,629</u>
<b>Deferred tax liabilities</b>		
Gain on changes in value of equity instruments designated to be measured at fair value through other comprehensive income	2,772,344	2,769,839
Total	<u>2,772,344</u>	<u>2,769,839</u>
Deferred tax assets - net	<u>5,394,034</u>	<u>5,944,790</u>

As at 30 September 2021, the Company has temporary differences available to be utilised as tax deductions in the future of Baht 562.9 million (31 December 2020: Baht 466.7 million). The Company did not record deferred tax assets since the Company's assessment is that there may not be sufficient taxable profit available in the future to utilise these items.

(Unaudited but reviewed)

**12.2 Income tax expenses**

Income tax expenses for the three-month and nine-month periods ended 30 September 2021 and 2020 are as follows:

	(Unit: Baht)			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2021	2020	2021	2020
<b>Current income tax:</b>				
Current income tax charge for the period	12,916,498	8,527,112	41,313,773	15,853,790
Adjustment in respect of current income tax of previous period	-	-	(177,818)	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(360,088)	(622,075)	548,251	(1,883,093)
Income tax expenses reported in the statement of income	<u>12,556,410</u>	<u>7,905,037</u>	<u>41,684,206</u>	<u>13,970,697</u>

The reconciliations between income tax expenses and the product of accounting profit for the three-month and nine-month periods ended 30 September 2021 and 2020 and the applicable tax rate are as follows:

	(Unit: Baht)			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2021	2020	2021	2020
Accounting profit before income tax	<u>64,430,360</u>	<u>19,596,266</u>	<u>121,054,993</u>	<u>112,320,149</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	12,886,072	3,919,254	24,210,999	22,464,030
Adjustment in respect of current income tax of previous period	-	-	(177,818)	-
Tax effect of:				
Tax loss incurred (utilised) during the period	-	179,226	-	(8,524,768)
Temporary differences not treated as deductible expenses and not recognised as deferred tax	(595,936)	3,645,863	19,232,646	(321,870)
Non-taxable income and non-deductible expenses	<u>266,274</u>	<u>160,694</u>	<u>(1,581,621)</u>	<u>353,305</u>
Income tax expenses reported in the statement of income	<u>12,556,410</u>	<u>7,905,037</u>	<u>41,684,206</u>	<u>13,970,697</u>

(Unaudited but reviewed)

**13. Other assets**

	(Unit: Baht)	
	30 September 2021	31 December 2020
Revenue Department receivable	135,323,863	136,876,067
Undue input tax	81,721,641	29,677,095
Deposits on rice field insurance scheme	144,395,042	115,326,587
Prepaid commission expenses	45,680,718	37,697,322
Others	20,491,530	43,442,623
<b>Total other assets</b>	<b>427,612,794</b>	<b>363,019,694</b>

**14. Insurance contract liabilities**

	(Unit: Baht)		
	30 September 2021		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Loss reserves			
- Claim incurred and reported	337,550,922	(152,225,418)	185,325,504
- Claim incurred but not reported	414,497,334	(213,089,855)	201,407,479
Unearned premium reserves	1,745,952,783	(1,146,357,325)	599,595,458
<b>Total</b>	<b>2,498,001,039</b>	<b>(1,511,672,598)</b>	<b>986,328,441</b>

	(Unit: Baht)		
	31 December 2020		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Loss reserves			
- Claim incurred and reported	390,256,021	(226,278,653)	163,977,368
- Claim incurred but not reported	376,380,471	(201,477,377)	174,903,094
Unearned premium reserves	1,451,119,306	(943,639,238)	507,480,068
<b>Total</b>	<b>2,217,755,798</b>	<b>(1,371,395,268)</b>	<b>846,360,530</b>

(Unaudited but reviewed)

#### 14.1 Loss reserves

(Unit: Baht)

	For the nine-month periods ended 30 September 2021	For the year ended 31 December 2020
Beginning balance	766,636,492	855,789,385
Claim expenses for the period	438,864,088	883,856,885
Change in loss reserves of prior period's claim	(32,999,221)	(150,446,292)
Change in assumption in calculating loss reserves	-	34,492,207
Claim paid during the period	(420,453,103)	(857,055,693)
Ending balance	<u>752,048,256</u>	<u>766,636,492</u>

As at 30 September 2021, the Company has loss reserves and outstanding claim under reinsurance contracts amounting to Baht 45.04 million (31 December 2020: Baht 110.8 million).

#### 14.2 Unearned premium reserves

(Unit: Baht)

	For the nine-month periods ended 30 September 2021	For the year ended 31 December 2020
Beginning balance	1,451,119,306	1,367,283,401
Premium written for the period	2,583,888,737	2,877,895,115
Premium earned for the current period	(2,289,055,260)	(2,794,059,210)
Ending balance	<u>1,745,952,783</u>	<u>1,451,119,306</u>

#### 15. Due to reinsurers

(Unit: Baht)

	30 September 2021	31 December 2020
Amounts withheld on reinsurance	585,787,563	627,392,375
Other reinsurance payable	906,650,153	529,745,199
Total due to reinsurers	<u>1,492,437,716</u>	<u>1,157,137,574</u>

(Unaudited but reviewed)

**16. Other liabilities**

	(Unit: Baht)	
	30 September 2021	31 December 2020
Commission received in advance	56,626,729	68,722,567
Accrued expenses	28,863,610	68,979,746
Short - term employee benefits	28,500,289	20,497,826
Other payables	1,725,178	20,929,810
Undue output tax	4,192,726	16,086,736
Others	19,859,271	24,946,857
Total other liabilities	<u>139,767,803</u>	<u>220,163,542</u>

**17. Share capital**

On 6 October 2020, the Extraordinary General Meeting of shareholders No. 2/2020 of the Company approved the increase its registered share capital from Baht 3,120 million to Baht 4,020 million, through the issuance of 9 million common shares with a par value of Baht 100 per share, total amounting to Baht 900 million. The Company received full payment for the shares on 8 October 2020 and registered the increase in its registered share capital with the Ministry of Commerce on 21 October 2020.

On 7 September 2021, the Extraordinary General Meeting of Shareholders No.1/2021 of the Company approved the decrease its registered share capital from Baht 4,020 million (40.20 million shares with a par value of Baht 100 each) to Baht 1,810 million (18.10 million shares with a par value of Baht 100 each), by cancelling 22.10 million shares with a par value of Baht 100 each, for the purpose of eliminating the retained loss. Currently, the Company is waiting for objections, if any, to the decrease in capital raised by the creditors and insurers.

**18. Investment income**

	(Unit: Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2021	2020	2021	2020
Interest income from debt instruments	11,686,894	9,276,720	33,809,092	28,627,257
Dividend income from equity instruments	-	-	22,500	15,000
Less: Investment expenses	(364,883)	(329,836)	(1,077,989)	(971,824)
Net investment income	<u>11,322,011</u>	<u>8,946,884</u>	<u>32,753,603</u>	<u>27,670,433</u>



(Unaudited but reviewed)

## 19. Operating expenses

(Unit: Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2021	2020	2021	2020
Personnel expenses	45,018,693	54,648,832	143,179,589	160,063,654
Premises and equipment expenses	13,373,390	12,568,834	42,671,815	42,438,441
Taxes and duties	353,893	973,794	2,139,985	1,193,186
Bad debt and doubtful accounts (reversal)	-	-	(5,431,730)	8,151
Other operating expenses	13,613,607	25,132,388	52,477,599	70,452,179
Total operating expenses	72,359,583	93,323,848	235,037,258	274,155,611

## 20. 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 in issue during the period.

## 21. Related party transactions

### 21.1 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.	Parent company
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

(Unaudited but reviewed)

## 21.2 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 ended 30 September		For the nine-month periods ended 30 September		Transfer pricing policy
	2021	2020	2021	2020	
<b>Transactions with parent company</b>					
Premium ceded	293.7	315.9	994.8	1,014.9	Reinsurance rate depending on type of insurance and reinsurance contracts
Fee and commission income	98.3	107.7	298.7	308.6	Reinsurance rate depending on type of insurance and reinsurance contracts
Claim recovery (reversal)	(39.4)	98.6	8.9	200.5	According to terms of reinsurance contracts depending on types of insurance and reinsurance
<b>Transactions with related companies</b>					
Premium ceded	36.2	32.6	37.8	33.1	Reinsurance rate depending on type of insurance and reinsurance contracts
Fee and commission income	3.8	3.5	4.1	3.6	Reinsurance rate depending on type of insurance and reinsurance contracts
Commission paid on direct insurance	23.8	24.1	80.3	78.1	In accordance with the Notification by the Registrar regarding "Commission rate for Non-life insurance"
Claim recovery (reversal)	1.3	-	4.4	(0.4)	According to terms of reinsurance contracts depending on types of insurance and reinsurance

(Unaudited but reviewed)

The Company had the following related party outstanding balances as at 30 September 2021 and 31 December 2020.

	(Unit: Million Baht)	
	30 September 2021	31 December 2020
<b>Transactions with parent company</b>		
Receivables from reinsurance contracts	10.3	10.8
Due to reinsurers - amounts withheld on reinsurance	395.0	478.9
Due to reinsurers - other reinsurance payable	376.4	249.2
<b>Transactions with related companies</b>		
Premium receivables	82.2	162.4
Receivables from reinsurance contracts	3.7	0.9
Other assets	0.5	0.6
Due to reinsurers - amounts withheld on reinsurance	137.7	22.5
Due to reinsurers - other reinsurance payable	22.1	10.6
Accrued commission	13.0	25.0
Other liabilities	3.6	9.4

#### **Directors and management's remuneration**

During the three-month and nine-month periods ended 30 September 2021 and 2020, the Company had employment benefit expenses of its directors and management personnel as following.

	(Unit: Million Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2021	2020	2021	2020
Short-term benefits	9.2	7.8	29.5	23.6
Long-term benefits	0.2	0.2	2.9	0.6
Total	9.4	8.0	32.4	24.2

## 22. Commitments and contingent liabilities

### 22.1 Operating lease and services commitments

As at 30 September 2021, 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)
Payable within:	
Within 1 year	4.0
1 to 4 years	2.0

### 22.2 Bank guarantees

As at 30 September 2021, there were outstanding bank guarantees of approximately Baht 2.3 million (31 December 2020: 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.

### 22.3 Litigation

As at 30 September 2021, the Company has been sued for damaged totaling approximately Baht 23.8 million (31 December 2020: Baht 15.3 million) as insurer. The total maximum sum insured per the relevant policy is Baht 42.4 million (31 December 2020: Baht 19.8 million). The outcomes of these cases have not yet finalised but the Company has recorded loss reserves for its contingent loss amounting to Baht 9.8 million (31 December 2020: Baht 10.4 million) in the financial statements. The Company's management believes that such provision is adequate.

## 23. Financial instruments

As at 30 September 2021 and 31 December 2020, the Company had financial assets that were measured at fair value using different levels of inputs as follows:

	30 September 2021				31 December 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>								
Equity financial assets -								
Equity instruments designated to be measured at fair value through other comprehensive income	-	-	14.6	14.6	-	-	14.6	14.6

(Unaudited but reviewed)

In addition, the Company has financial assets and liabilities measured at cost but has to disclose the fair value, which consist of cash and cash equivalents, deposit at financial institutions, and accrued investment income, which are classified as short-term and/or have interest rates that are close to market rate. Therefore, the carrying amounts of these financial instruments is estimated to approximate their fair value. However, excluding certain amounts of debt instruments measured at amortised cost that fair value is different from carrying amounts as follows.

(Unit: Million Baht)

	30 September 2021		31 December 2020	
	Carrying value	Fair value	Carrying value	Fair value
<b>Debt financial instruments measured at amortised cost</b>				
Government and state enterprise securities	256.0	273.2	339.6	364.3
Private debt securities	1,060.0	1,074.4	942.8	957.1
Deposits at financial institutions which matured over 3 months	1,672.0	1,673.3	1,562.5	1,563.7
	<u>2,988.0</u>	<u>3,020.9</u>	<u>2,844.9</u>	<u>2,885.1</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.

Reconciliation of recurring fair value measurements of equity financial assets, categorised within Level 3 of the fair value hierarchy, were presented below:

(Unit: Million Baht)

Balance as of 1 January 2021	14.6
Gain recognised into other comprehensive income	-
Balance as of 30 September 2021	<u>14.6</u>

#### 24. Approval of interim financial information

These interim financial information were authorised for issue by the Company's authorised directors on 12 November 2021.