

Tune Insurance Public Company Limited
Report and financial statements
31 December 2023



EY Office Limited
33rd Floor, Lake Rajada Office Complex
193/136-137 Rajadapisek Road
Klongtoey, Klongtoey, Bangkok 10110
Tel: +66 2264 9090
Fax: +66 2264 0789
ey.com

บริษัท สำนักงาน อีวาย จำกัด
ชั้น 33 อาคารเลครัชดา
193/136-137 ถนนรัชดาภิเษก
แขวงคลองเตย เขตคลองเตย กรุงเทพฯ 10110
โทรศัพท์: +66 2264 9090
โทรสาร: +66 2264 0789
ey.com

Independent Auditor's Report

To the Shareholders of Tune Insurance Public Company Limited

Opinion

I have audited the accompanying financial statements of Tune Insurance Public Company Limited (“the Company”), which comprise the statement of financial position as at 31 December 2023, and the related statements of comprehensive income, changes in owners’ equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tune Insurance Public Company Limited as at 31 December 2023, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants including Independence Standards issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.


As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I am responsible for the audit resulting in this independent auditor's report.



Narissara Chaisuwan

Certified Public Accountant (Thailand) No. 4812

EY Office Limited

Bangkok: 16 February 2024

Tune Insurance Public Company Limited

Statement of financial position

As at 31 December 2023

| | | (Unit: Baht) | |
|--------------------------------------|------|--------------------|--------------------|
| | Note | 2023 | 2022 |
| Assets | | | |
| Cash and cash equivalents | 7 | 42,752,500 | 67,138,829 |
| Premium receivables | 8 | 82,027,035 | 82,832,655 |
| Accrued investment income | | 901,210 | 932,863 |
| Reinsurance assets | 9 | 69,444,878 | 76,584,184 |
| Receivables on reinsurance contracts | 10 | 206,883,801 | 245,201,901 |
| Debt financial assets | 11 | 209,737,412 | 249,083,439 |
| Equity financial assets | 12 | 70,254,481 | 80,926,777 |
| Equipments | 14 | 6,645,834 | 8,536,252 |
| Right-of-use assets | 16.1 | 5,110,590 | 8,058,521 |
| Intangible assets | 15 | 11,982,747 | 8,042,614 |
| Deferred tax assets | 17.1 | 41,382,926 | 43,652,479 |
| Other assets | 18 | 24,214,636 | 37,894,784 |
| Total assets | | <u>771,338,050</u> | <u>908,885,298</u> |

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

Tune Insurance Public Company Limited
Statement of financial position (Continued)
As at 31 December 2023

(Unit: Baht)

| | Note | 2023 | 2022 |
|---|------|--------------------|--------------------|
| Liabilities and owners' equity | | | |
| Liabilities | | | |
| Insurance contract liabilities | 19 | 190,468,045 | 188,251,986 |
| Due to reinsurers | 20 | 185,083,657 | 248,905,421 |
| Employee benefit obligations | 21 | 12,811,567 | 12,179,279 |
| Premium received in advances | | 4,245,812 | 14,394,592 |
| Lease liabilities | 16.2 | 4,885,402 | 7,682,279 |
| Other liabilities | 22 | 102,041,025 | 109,777,646 |
| Total liabilities | | 499,535,508 | 581,191,203 |
| Owners' equity | | | |
| Share capital | | | |
| Registered, issued and fully paid-up | | | |
| 30,000,000 ordinary shares of Baht 10 each | 23 | 300,000,000 | 300,000,000 |
| Retained earnings | | | |
| Appropriated - statutory reserve | 24 | 16,997,780 | 16,997,780 |
| Unappropriated | | (60,431,923) | (13,078,207) |
| Other components of equity | 13 | 15,236,685 | 23,774,522 |
| Total owners' equity | | 271,802,542 | 327,694,095 |
| Total liabilities and owner's equity | | 771,338,050 | 908,885,298 |

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





Directors

Tune Insurance Public Company Limited

Statement of comprehensive income

For the year ended 31 December 2023

| | | (Unit: Baht) | |
|--|------|---------------------|----------------------|
| | Note | 2023 | 2022 |
| Profit or loss: | | | |
| Income | | | |
| Gross premium written | | 376,651,814 | 454,704,967 |
| Less: Premium ceded to reinsurers | | (181,700,043) | (237,005,361) |
| Net premium written | | 194,951,771 | 217,699,606 |
| Add (less): Unearned premium reserves decreased (increased) from prior year | | (41,692,759) | 81,984,268 |
| Net earned premium | | 153,259,012 | 299,683,874 |
| Fee and commission incomes | | 51,532,635 | 95,006,720 |
| Net investment income | 25 | 5,442,711 | 9,487,498 |
| Gain on financial instruments | 26 | 88,534 | 15,005,348 |
| Fair value gain (loss) from financial instruments | 27 | 880,990 | (30,972,911) |
| Other income | | 5,411,776 | 5,409,076 |
| Total income | | 216,615,658 | 393,619,605 |
| Expenses | | | |
| Claim expenses | | 17,851,922 | 436,272,780 |
| Less: Claims recovery from reinsurance | | (6,541,237) | (127,753,879) |
| Commission and brokerage expenses | | 62,382,763 | 69,693,507 |
| Other underwriting expenses | | 55,755,246 | 74,440,756 |
| Operating expenses | 28 | 133,751,957 | 199,557,372 |
| Financial cost | | 167,327 | 39,212 |
| Expected credit loss (reversal) | 29 | (837,230) | (14,962,380) |
| Total expenses | 30 | 262,530,748 | 637,287,368 |
| Loss before income tax expenses | | (45,915,090) | (243,667,763) |
| Add (less): Income tax revenue (expense) | 17.2 | (3,810,935) | 3,385,873 |
| Loss for the year | | (49,726,025) | (240,281,890) |

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

Tune Insurance Public Company Limited

Statement of comprehensive income (continued)

For the year ended 31 December 2023

| | Note | 2023 | (Unit: Baht) 2022 |
|--|--------|---------------------|----------------------|
| | | | |
| Other comprehensive income: | | | |
| <i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i> | | | |
| Gain (loss) on investments in equity designated at fair value through other comprehensive income | | (10,672,296) | 4,928,194 |
| Actuarial gain | | 2,965,386 | 2,468,560 |
| Add (less): Income tax effect | | 1,541,382 | (1,479,351) |
| | | | |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax (loss) | | (6,165,528) | 5,917,403 |
| | | | |
| Other comprehensive income for the year (loss) | | (6,165,528) | 5,917,403 |
| | | | |
| Total comprehensive income for the year (loss) | | (55,891,553) | (234,364,487) |
| | | | |
| Loss per share : | 32 | | |
| Basic loss per share | | | |
| Loss for the year | | (1.66) | (8.01) |
| | | | |
| | | | |

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

Tune Insurance Public Company Limited
Statement of changes in owners' equity
For the year ended 31 December 2023

(Unit: Baht)

| | Other component of owners' equity | | | | Total |
|--|--|---------------------|--|---------------------|---------------|
| | Issued and fully paid-up share capital | Revaluation surplus | | | |
| | | Retained earnings | on investments in equity designated at fair value through other comprehensive income | - net of income tax | |
| | Appropriated | Unappropriated | | | |
| Balance as at 1 January 2022 | 300,000,000 | 16,997,780 | 225,228,835 | 19,831,967 | 562,058,582 |
| Loss for the year | - | - | (240,281,890) | - | (240,281,890) |
| Other comprehensive income for the year | - | - | 1,974,848 | 3,942,555 | 5,917,403 |
| Total comprehensive income for the year (loss) | - | - | (238,307,042) | 3,942,555 | (234,364,487) |
| Balance as at 31 December 2022 | 300,000,000 | 16,997,780 | (13,078,207) | 23,774,522 | 327,694,095 |
| Balance as at 1 January 2023 | 300,000,000 | 16,997,780 | (13,078,207) | 23,774,522 | 327,694,095 |
| Loss for the year | - | - | (49,726,025) | - | (49,726,025) |
| Other comprehensive income for the year (loss) | - | - | 2,372,309 | (8,537,837) | (6,165,528) |
| Total comprehensive income for the year (loss) | - | - | (47,353,716) | (8,537,837) | (55,891,553) |
| Balance as at 31 December 2023 | 300,000,000 | 16,997,780 | (60,431,923) | 15,236,685 | 271,802,542 |

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

Tune Insurance Public Company Limited

Statement of cash flows

For the year ended 31 December 2023

| | (Unit: Baht) | |
|--|---------------------|--------------------|
| | 2023 | 2022 |
| Cash flows from operating activities | | |
| Direct premium written | 363,588,494 | 450,717,901 |
| Cash received from (paid for) reinsurance | (135,110,206) | 24,299,199 |
| Interest income | 6,450,831 | 14,680,726 |
| Dividend income | 40,500 | 2,660,799 |
| Other income | 5,411,777 | 5,409,075 |
| Loss incurred on direct insurance | (62,266,652) | (599,388,176) |
| Commissions and brokerages on direct insurance | (59,891,063) | (70,799,792) |
| Other underwriting expenses | (61,670,895) | (74,102,366) |
| Operating expenses | (109,828,069) | (170,725,484) |
| Income tax revenue (expense) | (1,478,543) | 1,377,260 |
| Cash received from debt and equity securities | 283,300,000 | 787,902,826 |
| Cash paid for debt and equity securities | (243,734,455) | (373,191,476) |
| Net cash flows used in operating activities | (15,188,281) | (1,159,508) |
| Cash flows from investing activities | | |
| Purchase of equipments | (2,037,220) | (1,144,823) |
| Purchase of intangible assets | (4,167,456) | (3,518,020) |
| Net cash flows used in investing activities | (6,204,676) | (4,662,843) |
| Cash flows from financing activities | | |
| Repayment of lease liabilities | (2,995,104) | (2,995,103) |
| Net cash flows used in financing activities | (2,995,104) | (2,995,103) |
| Net decreased in cash and cash equivalents | (24,388,061) | (8,817,454) |
| Decreased in allowance for expected credit loss | 1,732 | 18,420 |
| Cash and cash equivalents at beginning of year | 67,138,829 | 75,937,863 |
| Cash and cash equivalents at end of year | 42,752,500 | 67,138,829 |

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

Tune Insurance Public Company Limited

Notes to financial statements

For the year ended 31 December 2023

1. General information

1.1 Corporate information

Tune Insurance Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Tune Protect Group Berhad, a company is incorporated in Malaysia, is the major shareholder of the Company and holds 49 percent of total ordinary shares. The Company is principally engaged in providing non-life insurance. The registered address of the Company is at 3199 Maleenont Tower 14th Floor, Rama IV Road, Klongton Sub-district, Klongtoey District, Bangkok.

The COVID-19 pandemic has a significant impact to the Company's operations in relation to claim payment according to the coverage specified in the insurance policies until 2022, resulting in the Company's deficits. In addition, insurance premium income and cashflow from operation have been continuously decreasing in the current year. In 2023, the Company has the lower gross premium written than its business plan.

However, the Company's management has continuously monitored such situations and updated business plan and managed to minimise the impact of that situation.

2. Basis of preparation of financial statements

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547, and in accordance with Thai accounting practices related to insurance and the guidelines as prescribed by the Office of Insurance Commission (“OIC”) and in accordance with the format of financial statements specified in the Notification of the Office of Insurance Commission (“OIC”) regarding criteria, procedures, conditions and terms for preparation and submission of financial statements of non-life insurance companies B.E. 2566 dated 8 February 2023.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in significant accounting policies.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from such financial statements in Thai language.

3 New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2023. 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.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2024

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 2024. Most of the changes of these revised financial reporting standards direct towards clarifying accounting treatment and providing accounting guidance for users of the standards, except for TFRS 17 Insurance Contracts, which will supersede TFRS 4 Insurance Contracts. Those standards will be effective for fiscal year beginning on or after 1 January 2025 and involved changes to key principles, summarised below.

TFRS 17 Insurance Contracts

This financial reporting standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. An entity shall recognise a group of insurance contracts it issues from the earliest of the beginning of the coverage period of the group of contracts, the date when the first payment from a policyholder in the group becomes due. For a group of onerous contracts, these contracts will recognise when the group becomes onerous. Upon initial recognition, this standard establishes the general model for the measurement whereby an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows represent the estimates of future cash flows, which arise from substantive rights and obligations that exist during the reporting period, and a risk adjustment for non-financial risk. The contractual service margin represents the unearned profit that the entity will recognise as it provides insurance contract services in the future. However, the Company may adopt either the Variable Fee Approach or Premium Allocation Approach if contracts meet certain requirements under this standard. In addition, this standard requires the entity to present and disclose more information related both qualitative and quantitative information.

However, the Company's management is in the process of assessment of the impact to financial statement for the year that such standards will be effective.

4. Significant accounting policies

4.1 Insurance contracts classification

The Company classifies insurance and reinsurance contracts based on the nature of the contract. An insurance contract is contract which the insurer has accepted significant insurance risk from another party by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Determination of whether a significant insurance risk has been accepted is based on comparison of the amount of benefit payable under the contract if an insured event occurs with the payment obligation if the insured event does not occur. If a contract does not meet these criteria, the Company classifies it as an investment contract. Investment contracts are insurance contracts in legal form that transfer significant financial risk but not significant insurance risk. The financial risk is the risk of a possible future change in interest rate, foreign exchange rate and financial instrument price risk.

The Company classifies contracts based on an assessment of the insurance risk at an inception of contract on a contract-by-contract basis. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, unless all rights and obligations are extinguished or expire. If any contract is previously classified as an investment contract at the inception date, it can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

4.2 Revenue recognition

(a) Gross premium income

Gross premium income consists of direct premium and reinsurance premium written less premium of canceled policies and premiums refunded to policy holders, and adjusted with unearned premium reserve.

Direct premium income is recognised on the date the insurance policy comes into effect. For insurance policies with coverage periods of longer than 1 year, related premium are recorded as premium received in advance, and recognised as income over the coverage period in each year.

Reinsurance premium written is recognised as income on the date the insurance policy comes into effect, or when the reinsurer places the statement of accounts with the Company.

(b) Commission and brokerage incomes

Commission and brokerage incomes from ceded premium are recognised as income when services have been rendered.

Commission and brokerage incomes from ceded premium with coverage periods of longer than 1 year are recorded as received in advance and recognised as income over the coverage period in each year.

(c) Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

(d) Dividends received

Dividends are recognised as revenue when the right to receive the dividends is established.

(e) Gain (loss) on financial instruments

Gain (loss) on disposal or derecognise of debt instruments measured at amortised cost, debt instruments measured at fair value through profit or loss and equity instruments measured at fair value through profit or loss. The Company recognises in profit or loss on the transaction date.

(f) Fair value gain (loss) on financial instruments

Fair value gain (loss) from the change in fair value of debt instruments and equity instruments measured at fair value through profit or loss.

4.3 Expenses recognition

(a) Premium ceded to reinsurers

Premium ceded to reinsurers is recognised as expense when the insurance risk is transferred to another reinsurer as amounts specified in policies. —

For reinsurance policies with coverage period of longer than 1 year, ceded premium is recorded as prepaid expense and recognised as expense over the coverage period in each year.

(b) Claim and loss adjustment expenses

Claim and loss adjustment expenses consist of claims and loss adjustment expenses of direct insurance and reinsurance both reported claims and not reported claims, and stated at the amounts of the claim, related expenses, and claims adjustments of the current and prior year incurred during the year, less residual value, other recoveries (if any), and claim recovery from related reinsurers.

Claim and loss adjustment expenses of direct insurance are recognised upon the receipt of the claim advice from the insured, based on the claim notified by the insured, and estimates made by the Company's management. The maximum value of claim estimated is not exceeding the sum-insured under the relevant policy.

Claim and loss adjustment expenses of reinsurance are recognised as expense when the reinsurer places the loss advice with the Company.

(c) Claim recovery from reinsurance

Claims recovery from reinsurance is recognised when claims and loss adjustment expenses are recognised. They are estimated as proportion and condition relevant to reinsurance contracts. The Company presents the claims recoverable amount as a deduction from gross claims.

(d) Commission and brokerage expenses

Commission and brokerage expenses are recognised as expense when incurred.

Commission and brokerage expenses paid for policies with coverage period of longer than 1 year are recorded as prepaid item and recognised as expense over the coverage period each year.

(e) Other underwriting expenses

Other underwriting expenses are other insurance expenses for both direct and indirect expenses, including contributions, which are recognised as expenses on accrual basis.

(f) Operating expenses

Operating expenses are operating expenses, not related to underwriting and claim, which are recognised as expenses on accrual basis.

(g) Finance cost

Interest expense from financial liabilities measured at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

4.4 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.5 Premium receivables and allowance for doubtful accounts

Premium receivables from direct insurance is stated at its net realisable value. The Company set up an allowance for doubtful accounts based on the estimated loss that may incur in collection of the premium due, on the basis of collection experiences, aging analysis and a review of current status of the premium receivables as at the end of reporting period.

Increase (decrease) in allowance for doubtful accounts is recorded as expense during the year.

4.6 Reinsurance assets and allowance for impairment

Reinsurance assets are stated at insurance reserves refundable from reinsurers, which are estimated based on the related reinsurance contracts of loss reserve and outstanding claims in accordance with the law regarding insurance reserve calculation and unearned premium reserves less allowance for impairment (if any).

At the end of the reporting period, the Company performed impairment reviews in respect of the reinsurance assets. Reinsurance assets are considered to be impaired whenever there are object evidences as a result of events that occurred after initial recognition of the reinsurance assets, and the Company may not receive whole of reinsurance assets according to reinsurance conditions and the effect of such amount can be measured with reliability.

An impairment loss is recognised in profit or loss (if any).

4.7 Receivables on reinsurance contracts and due to reinsurers

- (a) Receivables on reinsurance contracts consist of amounts due from reinsurers and amounts deposits on reinsurance.

Amounts due from reinsurers consist of inward premium receivable, accrued commission and brokerage income, claims and various other items receivable from reinsurers less allowance for doubtful accounts. The Company records allowance for doubtful accounts for estimated loss that may be incurred due to inability to make collection, taking into account collection experience and the status of receivables from reinsurers as at the end of reporting period.

Increase (decrease) in allowance for doubtful accounts is recorded as expense during the year.

- (b) Amounts due to reinsurers consist of the outstanding balance payable from reinsurance and amounts withheld on reinsurance.

The outstanding balance payable from reinsurance consist of reinsurance premiums and other items payable to reinsurers, excluding loss reserves from reinsurance contract.

The Company presents net of reinsurance to the same entity (receivables from reinsurance contracts or amounts due to reinsurers) when the following criteria for offsetting are met.

- (1) The entity has a legal right to offset amounts presented in the statement of financial position, and
- (2) The entity intends to receive or pay the net amount recognised in the statement of financial position, or to realise the asset at the same time as it pays the liability.

4.8 Financial instruments

The Company initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, income receivables and other receivable, that do not contain a significant financing component, are measured at the transaction price.

Classification and measurement of financial assets and financial liabilities

Financial assets - debt instruments

The Company classified its financial assets - debt instruments as subsequently measured at amortised cost or fair value in accordance with the Company's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets, on the basis of the facts and circumstances in existence on the date of acquisition, with classifications as follows:

(a) Financial assets measured at amortised cost

If both of the following conditions are met: the Company holds financial assets - debt instruments within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are classified as financial assets measured at amortised cost. They are initially recognised at fair value as at transaction date.

At the end of reporting period, investments in debt instruments measured at amortised cost are presented in the statement of financial position net of allowance for expected credit loss (if any).

Gain and loss from derecognition, change or impairment from such assets will be recognised in profit or loss.

(b) Financial assets measured at fair value through profit or loss

Debt instruments following business model, which the objective is not achieved collecting contractual cash flows or the contractual terms of the financial assets represent contractual cash flows that are not solely payments of principal and interest on the principal amount outstanding. These financial assets are classified as financial assets measured at fair value through profit or loss. These financial assets are initially recognised at fair value.

After initial recognition, unrealised gain or loss on change in fair value are recognised in profit or loss.

Financial assets - equity instruments

All equity instruments are financial assets designated at fair value through other comprehensive income.

Investment in equity instruments that not held for trading but held for strategic purposes or for securities with potential for low market volatility. The Company has classified the financial asset measured at fair value through other comprehensive income, where a classification cannot subsequently change. Such classification is determined on an instrument-by-instrument basis.

After initial recognition, gain or loss arising from changes in fair value of investment in equity instruments is separately presented in other comprehensive income.

At the end of the reporting period, investments in equity instruments designated at fair value through other comprehensive income are presented in the statement of financial position at fair value.

In addition, Investments in equity instruments designated at fair value through other comprehensive income is not been required impairment assessment.

Fair value

The fair value of marketable securities is calculated based on the latest bid price of the last working day of the period as quoted on the Stock Exchange of Thailand. The fair value of non-marketable securities is calculated using discounted future cash flow techniques. The fair value of government bonds, state enterprise securities and private debt securities is calculated using the formula determined by the Thai Bond Market Association.

Investment income and disposal of investments

Gain or loss arising from disposal of investments are recognised in profit or loss in statement of comprehensive income on the transaction date, except for gain or loss from disposal of investments in equity instruments designated to be measured at fair value through other comprehensive income, which are recognised in retained earnings. The weighted average method is used for computation of the cost of investments.

Dividends on these investments are recognised in statement of comprehensive income, unless the dividends clearly represent a recovery of part of the cost of the investments.

Changes in classification of investments in debt instruments

When there are changes in the Company's business model for management of financial assets, the Company has to reclassify investments in debt instruments and adjust the value of these investments to their fair value on the reclassification date. Differences between the book value and fair value of investments in debt instruments on the reclassification date are recorded in profit or loss or other comprehensive income, depending on the classification of the investments.

Impairment of financial assets

The Company recognises expected credit loss on its financial assets that are debt instruments by applying the general approach are as follow:

Measurement of expected credit loss on financial assets

An expected credit loss (ECL) represents the present value of expected cash shortfalls over the residual term of a financial asset. A cash shortfall is the difference between the cash flows that are due in accordance with the contractual terms of the instrument and the cash flows that are expected to be received over the contractual life of the instrument.

Estimates of expected cash shortfalls of investments in debt instruments are determined by multiplying the probability of default (PD) with the loss given default (LGD) and the expected exposure at the time of default (EAD). The estimates calculate the probability of default and potential loss when a counterparty defaults, based on information from the Thai Bond Market Association (In case of investment in debt instruments), adjusted for current observable data and forecasts of future events that are supportable and reasonable. The Company reviews and revises of the methods, assumptions and forecasts of future events on a regular basis.

For ECL recognition, financial assets are classified in any of the below 3 stages. A financial asset can move between stages during its lifetime. The stages are based on changes in credit quality since initial recognition and defined as follows:

Stage 1 Financial assets without a significant increase in credit risk

Financial assets that have not had a significant increase in credit risk since initial recognition (i.e. no stage 2 or 3 triggers apply) or debt instrument that considered to have low credit risk at each reporting date. An allowance for expected credit losses are recognised at the amount equivalent to the expected credit losses in the next 12 months.

The Company identifies government and state enterprise securities and private debt instruments with a credit rating not lower than BBB- as low credit risk and classified them as investment grade. Debt instruments with a credit rating lower than BBB- and/or subject to any event which negatively affects their credit quality are classified as non-investment grade, and investment officer is to closely monitor and review the quality of these assets to determine whether the credit risk has increased significantly.

Stage 2 Financial assets with a significant increase in credit risk

When financial assets have a significant increase in credit risk since initial recognition but not credit-impaired, expected credit losses are recognised for possible default events over the lifetime of the financial assets. A significant increase in credit risk is assessed by using a number of quantitative and qualitative factors that are significant to the increase in credit risk.

Quantitative factors include an assessment of whether there has been a significant increase in the probability of default (PD) since origination, such as downgrade of counterparty credit rating. If the changes exceed the thresholds, the financial assets are considered to have experienced a significant increase in credit risk.

Qualitative factor assessments are part of current credit risk management processes, such as an assessment of significant deterioration in the counterparties' or debt instrument issuers' ability to repay. Qualitative indicators include operating results, financial liquidity and other reliable indicators.

Financial assets can be transferred to stage 1 in case they have proven that their ability to repay are back to normal.

Stage 3 Credit impairment financial assets

Financial assets are considered to be credit-impaired where the counterparties or debt instrument issuers are unlikely to pay on the occurrence of one or more observable events that have a negative impact on the estimated future cash flows of the financial assets. Evidence that a financial asset is credit-impaired include observable information such as significant financial difficulty of counterparties or debt instrument issuers, a breach of contract or past due event and probability that the borrower will enter bankruptcy or other financial reorganisation and so on.

For other financial assets or contract assets that do not contain a significant financing component, the Company applies a simplified approach to determine the lifetime expected credit loss. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

Increase (decrease) in allowance for expected credit loss is recognised as expenses during the year in profit or loss in statement of comprehensive income. The Company has a policy to write off any financial assets when it is believed that they will not be collected from the debtor.

Classification and measurement of financial liabilities

At initial recognition the Company's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost.

Derecognition of financial instruments

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Company has transferred substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.9 Equipment and depreciation

Equipment is stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of equipment is calculated by reference to its cost on a straight-line basis over the estimated useful life of 5 years.

Depreciations is recorded as expenses in profit or loss.

No depreciation is provided on assets under construction.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.10 Intangible asset and amortisation

Intangible asset is carried at cost less any accumulated amortisation and any accumulated impairment loss (if any).

Intangible asset with finite life is amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible asset are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

The useful life of intangible assets, computer software, with finite useful lives is 5 years.

4.11 Insurance contract liabilities

Insurance contract liabilities consist of loss reserves, outstanding claims and unearned premium reserves.

(a) Loss reserves and outstanding claims

Outstanding claims are recorded at the amount to be actually paid. Loss reserve is provided upon receipt of claim advices from the insured based on the claims notified by the insured and estimates made by the Company's management. The maximum value of claims estimate is however, not to exceed the sum-insured under the relevant policy.

Claim reserves were calculated by using an actuarial method based on a best estimate of the claims, that are expected to be paid in respect of loss that occur before or as at the reporting date, covering both reported and not reported loss, and including claim handling expenses, after deducting salvage values and other recoverable values. Difference between the calculation claims reserves and the claims already recognised are recorded as incurred but not yet reported claims (IBNR).

(b) Unearned premium reserves

Premium reserve consists of unearned premium reserve and unexpired risk reserve.

(1) Unearned premium reserve

Unearned premium reserve is calculated based on premium before deducting premium ceded as follows:

| | |
|--|---|
| Transportation (cargo), travelling accident with coverage periods of not over six-months | - 100% of premium as from the date policy is effective, throughout the period of insurance coverage |
| Others | - Monthly average basis (the one-twenty fourth basis) |

Unearned premium reserve of reinsurance is calculated based on ceded premium for reinsurer as the same method with direct insurance that transfer insurance risk to reinsurer throughout the period of insurance coverage.

(2) Unexpired risk reserve

Unexpired risk reserve is the reserve for the future claims, and related expenses that may be incurred in respect of in-force policies. Unexpired risk reserve is set aside using an actuarial method, at the best estimate of the claims that are expected to be incurred during the remaining period of coverage based on historical claims data.

At the end of reporting period, the Company compares the amounts of unexpired risk reserve with unearned premium reserve, and if unexpired risk reserve is higher than unearned premium reserve, the difference is recognised and the unexpired risk reserve is presented in the financial statements.

4.12 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.13 Leases

At inception of contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Company recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment loss, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

| | | |
|----------|---|-------|
| Building | 3 | years |
| Vehicle | 4 | years |

If ownership of the leased asset is transferred to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments are only fixed payments.

The Company discounted the present value of the lease payments by the interest rate implicit in the lease or the Company's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

4.14 Impairment of non-financial assets

At the end of each reporting period, the Company performs impairment reviews in respect of the equipment, right-of-use asset and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment, if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

4.15 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gain and loss arising from post-employment benefits are recognised immediately in other comprehensive income.

4.16 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences that it is probable that future taxable profit will be available against which such deductible temporary differences can be utilised.

At each reporting date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

4.17 Foreign currency

The financial statements are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates ruling at the end of reporting period.

Gains and losses on exchange are included in profit or loss.

4.18 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.19 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure their assets and liabilities. In case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ from these estimates. Significant judgments and estimates are as follows:

5.1 Recognition and derecognition of assets and liabilities

In determining whether to recognize or to derecognise assets or liabilities, the management is required to make judgement on whether significant risk and rewards of those assets or liabilities have been transferred, based on best knowledge of the current events and arrangement.

5.2 Allowance for doubtful accounts

In determining an allowance for doubtful accounts on premium receivables and receivable on reinsurance contracts, the management needs to make judgment and estimates expected loss to be incurred for each debtor based upon, among other things, debt collection experience, aging profile of outstanding debts and the prevailing economic condition.

5.3 Allowance for impairment on reinsurance assets

In determining an allowance for impairment on reinsurance assets, the management needs to make judgement and estimates loss from impairment of each reinsurers based on conditions in contract and occurred events that the Company may not receive entire amount under the term of contract.

5.4 Allowances for expected credit loss of financial assets

The management is required to use judgement in estimating allowance for expected credit loss of financial assets. The Company's calculation of allowance for expected credit loss depends on the criteria used for assessment of a significant increase in credit risk, the development of a model, the debtors status analysis, and the probability of debt collection. This estimation has various relevant factors; therefore, the actual results may differ from estimates.

5.5 Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market price are not readily available, the management exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value and disclosures of fair value hierarchy.

5.6 Equipment and depreciation

In determining depreciation of equipment, the management is required to make estimates of the useful lives and salvage values of the Company's equipment and to review estimate useful lives and salvage values when there are any changes.

In addition, the management is required to review impairment of equipment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

5.7 Intangible assets and amortisation

The initial recognition and measurement of intangible assets, and subsequent impairment testing require management to make estimates of cash flows to be generated by the assets and to choose a suitable discount rate in order to calculate the present value of those cash flows.

5.8 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

5.9 Insurance contracts classification

In determining whether insurance contracts meet the definition of insurance contracts under Thai Financial Reporting Standard, the Company is required to test whether the contracts accept/transfer significant insurance risk from/to the reinsurers, using actuarial technique based on assumptions regarding historical claim data and other assumptions. The management is required to exercise judgement in determining these assumptions.

5.10 Loss reserves and outstanding claim

At the end of each reporting period, the Company has to estimate loss reserves and outstanding claims taking into account two factors. These are the claims incurred and reported, and the claims incurred but not reported (IBNR). The IBNR reserve is calculating by using an international standard actuarial method. The key assumptions underlying these techniques relate to historical experience, including loss development factors, ultimate loss ratio and unallocated loss adjustment expenses and so on.

The Company uses independent actuary to perform calculating loss reserves based on the type of insurance. The estimation requires the management's judgements reflecting the best estimates available at that time. Nevertheless such estimates are forecasts of future outcomes, and actual results could differ.

5.11 Unexpired risk reserve

Unexpired risk reserve is calculated using an actuarial method, based on a best estimate of the claim and related expenses expected to be incur over the remaining term of the insurance. Estimating the reserve requires the management to exercise judgment, with reference to historical data and the best estimates available at that time.

5.12 Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Classification of Financial assets and financial liabilities

As at 31 December 2023 and 2022, the carrying value of the financial assets and financial liabilities are classified as follows:

(Unit: Baht)

| | 2023 | | | Total |
|---|---|--|--|-------------|
| | Financial instruments measured at fair value through profit or loss | Equity instruments designated at fair value through comprehensive income | Financial Instruments measured at amortised cost | |
| Financial assets | | | | |
| Cash and cash equivalents | - | - | 42,752,500 | 42,752,500 |
| Accrued investment income | - | - | 901,210 | 901,210 |
| Debt financial assets | 133,498,966 | - | 76,238,446 | 209,737,412 |
| Equity financial assets | - | 70,254,481 | - | 70,254,481 |
| Other assets - financial assets | - | - | 8,463,957 | 8,463,957 |
| Financial liabilities | | | | |
| Other liabilities - financial liabilities | - | - | 46,123,601 | 46,123,601 |
| Lease liabilities | - | - | 4,885,402 | 4,885,402 |

(Unit: Baht)

2022

| | Equity instruments | | | Total |
|---|---|---|--|-------------|
| | Financial instruments measured at fair value through profit or loss | designated at fair value through other comprehensive income | Financial Instruments measured at amortised cost | |
| Financial assets | | | | |
| Cash and cash equivalents | - | - | 67,138,829 | 67,138,829 |
| Accrued investment income | - | - | 932,863 | 932,863 |
| Debt financial assets | 129,293,648 | - | 119,789,791 | 249,083,439 |
| Equity financial assets | - | 80,926,777 | - | 80,926,777 |
| Other financial assets | - | - | 25,616,807 | 25,616,807 |
| Financial liabilities | | | | |
| Other liabilities - financial liabilities | - | - | 56,225,011 | 56,225,011 |
| Lease liabilities | - | - | 7,682,279 | 7,682,279 |

7. Cash and cash equivalents

| | (Unit: Baht) | |
|--|--------------|------------|
| | 2023 | 2022 |
| Cash | 61,263 | 61,263 |
| Deposits at banks with no fixed maturity date | 42,367,661 | 66,757,470 |
| Deposits at banks with fixed maturity date and certificates deposits at bank | 327,287 | 325,539 |
| Total | 42,756,211 | 67,144,272 |
| Less: Allowance for expected credit loss | (3,711) | (5,443) |
| Cash and cash equivalents | 42,752,500 | 67,138,829 |

As at 31 December 2023, bank deposits in saving accounts, fixed deposits and certificate of deposits carried interest at the rates between 0.45 - 1.00 percent per annum (2022: 0.10 - 0.35 percent per annum).

8. Premium receivables

As at 31 December 2023 and 2022, the balances of premium receivables from direct insurance are classified by overdue periods from the maturity date under the stipulated law of the premium collection as follows:

| | (Unit: Baht) | |
|---------------------------------------|--------------|--------------|
| | 2023 | 2022 |
| Not yet due | 34,487,525 | 61,860,453 |
| Not over 30 days | 23,880,248 | 5,609,355 |
| Over due 30 days to 60 days | 5,727,732 | 1,279,484 |
| Over due 60 days to 90 days | 9,048,256 | 2,103,925 |
| Overdue longer than 90 year | 24,790,438 | 29,384,212 |
| Total | 97,934,199 | 100,237,429 |
| Less: Allowance for doubtful accounts | (15,907,164) | (17,404,774) |
| Premium receivables, net | 82,027,035 | 82,832,655 |

For premiums receivables uncollected from agents and brokers, the Company has established collection guidelines in accordance with the regulatory requirement for premium collection. For overdue premium receivables, the Company is pursuing legal proceedings against such agents and brokers.

9. Reinsurance assets

| | (Unit: Baht) | |
|--|-------------------|-------------------|
| | 2023 | 2022 |
| Insurance reserve refundable from reinsurers | | |
| Loss reserves | 16,033,651 | 29,142,488 |
| Unearned premium reserves | 53,411,227 | 47,441,696 |
| Reinsurance assets, net | <u>69,444,878</u> | <u>76,584,184</u> |

10. Receivables on reinsurance contracts

| | (Unit: Baht) | |
|---|--------------------|--------------------|
| | 2023 | 2022 |
| Amounts due from reinsurers | 336,480,140 | 371,786,265 |
| Less: Allowance for doubtful accounts | (129,596,339) | (126,584,364) |
| Receivables from reinsurance contracts, net | <u>206,883,801</u> | <u>245,201,901</u> |

As at 31 December 2023 and 2022, the balances of amounts due from reinsurers are classified by aging as follows:

| | (Unit: Baht) | |
|---|--------------------|--------------------|
| | 2023 | 2022 |
| Not yet due | 5,892,844 | 26,594,315 |
| Not over 1 year | 11,314,353 | 117,985,480 |
| Over 1 year to 2 years | 90,388,585 | 193,450,007 |
| Over 2 years | 228,884,358 | 33,756,463 |
| Total | 336,480,140 | 371,786,265 |
| Less: Allowance for doubtful accounts | (129,596,339) | (126,584,364) |
| Receivables from reinsurance contracts, net | <u>206,883,801</u> | <u>245,201,901</u> |

As of 31 December 2023, and 2022, the Company has receivables from reinsurance contracts amounting to Baht 259 million and Baht 253 million, respectively, which is the outstanding amount from entering into a reinsurance contract with a reinsurance broker. In November 2022, the Company filed a lawsuit with the Central Intellectual Property and International Trade Court against the reinsurance broker and its associate.

In December 2023, the Central Intellectual Property and International Trade Court (“the Court”) ruled that the Company is entitled to receive a refund of reinsurance premiums of Baht 78 million plus interest from the date of filing the lawsuit. Furthermore, the Company is not obligated to be responsible for damage of the mentioned reinsurance broker and its associates from counterclaims. In addition, the Court ordered the reinsurance broker to pay Baht 1 million plus interest from the date of filing the lawsuit to the Company due to the breach of the reinsurance brokerage contract. However, the broker is not required to pay the claim recovery because it is not an agent of the reinsurer.

In response to the outcome, the Company's management has carefully considered the Court's decision, which states that the reinsurance broker is the party responsible for the contract breach. Additionally, the Company's external legal counsel has provided his perspective that, apart from representing the insurance company, the reinsurance broker also serves as an agent for the reinsurer. Therefore, it should be held accountable for any direct damages resulting from its misconduct, commensurate with the actual damages incurred. However, the Court has only ordered a compensation of Baht 1 million, which is considered minimal and does not align with the actual circumstances. Thus, it is considered appropriate to appeal further.

Currently, the Company is in the process of preparing information to lodge an appeal with the Court of Appeal to claim damages against the reinsurance broker and its associates. However, uncertainty persists regarding the outcome of the case. Therefore, the allowance for doubtful accounts of Baht 130 million has been recorded in the financial statements (2022: Baht 127 million).

11. Debt financial assets

11.1 Classified by type of financial assets

| | 2023 | | 2022 | |
|---|----------------------------|-------------|----------------------------|-------------|
| | Cost/ Amortised cost | Fair Value | Cost/ Amortised cost | Fair Value |
| | | | | |
| Debt instruments measured at fair value through profit or loss | | | | |
| Government and state enterprise securities | 75,105,814 | 76,469,712 | 75,919,148 | 76,320,291 |
| Private enterprise debt securities | 57,941,801 | 57,029,254 | 53,804,139 | 52,973,357 |
| Total | 133,047,615 | 133,498,966 | 129,723,287 | 129,293,648 |
| Add (less): Unrealised gain (loss) | 451,351 | - | (429,639) | - |
| Total | 133,498,966 | 133,498,966 | 129,293,648 | 129,293,648 |

| | (Unit: Baht) | |
|--|--------------------|--------------------|
| | 2023 | 2022 |
| | Amortised cost | Amortised cost |
| Debt instruments measured at amortised cost | | |
| Government and state enterprise securities | 46,080,413 | 45,987,562 |
| Private enterprise debt securities | 30,000,000 | 50,000,000 |
| Fixed deposits and certificates of deposits | 161,022 | 24,160,349 |
| Total | 76,241,435 | 120,147,911 |
| Less: Allowance for expected credit loss | (2,989) | (358,120) |
| Total | 76,238,446 | 119,789,791 |
| Total debt financial assets - net | 209,737,412 | 249,083,439 |

11.2 Classified by stage of credit risk

| | (Unit: Baht) | | | | | |
|--|---------------------------|--|-------------------------|---------------------------|--|-------------------------|
| | 2023 | | | 2022 | | |
| | Carrying value - gross | Allowance for expected credit loss | Carrying value - net | Carrying value - gross | Allowance for expected credit loss | Carrying value - net |
| Debt instruments measured at amortised cost | | | | | | |
| Stage 1 - Debt securities without a significant increase in credit risk | 76,241,435 | (2,989) | 76,238,446 | 100,147,911 | (33,641) | 100,114,270 |
| Stage 2 - Debt securities with a significant increase in credit risk | - | - | - | 20,000,000 | (324,479) | 19,675,521 |
| Total | 76,241,435 | (2,989) | 76,238,446 | 120,147,911 | (358,120) | 119,789,791 |

11.3 Investments subject to restrictions

As at 31 December 2023 and 2022, the Company has placed government securities at amortised cost as securities and reserves with the Registrar of the Office of Insurance Commission under the Non-life Insurance Act as follows:

| | (Unit: Baht) | | | |
|---------------------------|--------------|------------|------------|------------|
| | 2023 | | 2022 | |
| | Cost | Fair value | Cost | Fair value |
| Securities pledged | | | | |
| Government bonds | 17,009,298 | 16,663,632 | 16,908,073 | 16,109,306 |
| Securities reserve | | | | |
| Government bonds | 29,071,115 | 27,714,754 | 29,079,488 | 27,956,785 |

12. Equity financial assets

12.1 Classified by type financial assets

(Unit: Baht)

| | 2023 | | 2022 | |
|---|-------------------|-------------------|-------------------|-------------------|
| | Cost | Fair Value | Cost | Fair Value |
| Equity instruments designated at fair value through other comprehensive income | | | | |
| Non-listed domestic equity instruments | 728,830 | 12,973,898 | 728,830 | 26,432,682 |
| Non-listed foreign equity instruments | 50,479,792 | 57,280,583 | 50,479,792 | 54,494,095 |
| Total | 51,208,622 | 70,254,481 | 51,208,622 | 80,926,777 |
| Add: Unrealised gain | 19,045,859 | - | 29,718,155 | - |
| Total equity financial assets - net | 70,254,481 | 70,254,481 | 80,926,777 | 80,926,777 |

12.2 Investments derecognition

During the years ended 31 December 2023 and 2022, the Company did not dispose off its investments in equity instruments designated at fair value through other comprehensive income from the accounts.

13. Other components of equity

(Unit: Baht)

| | 2023 | 2022 |
|--|--------------|-------------|
| Equity securities designated at fair value through other comprehensive income | | |
| Balance - beginning of the year | 29,718,153 | 24,789,960 |
| Changed during the year | | |
| Gain on revaluation during the year | (10,672,296) | 4,928,194 |
| Total | 19,045,857 | 29,718,154 |
| Relavant income taxes | (3,809,172) | (5,943,632) |
| Balance - ending of the year | 15,236,685 | 23,774,522 |

14. Equipment

(Unit: Baht)

| | Leasehold improvement | Furniture and fixtures | Office Equipment | Work in progress | Total |
|---|--------------------------|---------------------------|---------------------|------------------|------------|
| Cost | | | | | |
| 1 January 2022 | 10,598,600 | 609,559 | 16,750,361 | 131,657 | 28,090,177 |
| Additions | - | - | 1,144,823 | - | 1,144,823 |
| Transfer in (out) | - | - | 131,657 | (131,657) | - |
| 31 December 2022 | 10,598,600 | 609,559 | 18,026,841 | - | 29,235,000 |
| Additions | - | - | 2,193,220 | - | 2,037,220 |
| Disposal/ write-off | - | - | (156,000) | - | (156,000) |
| 31 December 2023 | 10,598,600 | 609,559 | 20,064,061 | - | 31,272,220 |
| Accumulated depreciation | | | | | |
| 1 January 2022 | 4,320,636 | 243,888 | 12,138,931 | - | 16,703,455 |
| Depreciation for the year | 2,117,424 | 121,775 | 1,756,094 | - | 3,995,293 |
| 31 December 2022 | 6,438,060 | 365,663 | 13,895,025 | - | 20,698,748 |
| Depreciation for the year | 2,117,423 | 121,778 | 1,807,891 | - | 4,047,092 |
| Depreciation for disposal/ write-off | - | - | (119,454) | - | (119,454) |
| 31 December 2023 | 8,555,483 | 487,441 | 15,583,462 | - | 24,626,386 |
| Net book value | | | | | |
| 31 December 2022 | 4,160,540 | 243,896 | 4,131,816 | - | 8,536,252 |
| 31 December 2023 | 2,043,117 | 122,118 | 4,480,599 | - | 6,645,834 |
| Depreciation included in profit or loss for the year ended | | | | | |
| 31 December 2022 | | | | | 3,995,293 |
| 31 December 2023 | | | | | 4,047,092 |

As at 31 December 2023 and 2022, certain equipment items have been fully depreciated but are still in use. The original costs, before deducting accumulated depreciation of those assets amounted to approximately Baht 10.5 million and Baht 8.5 million, respectively.

15. Intangible assets

The net book values of intangible assets as at 31 December 2023 and 2022 are presented below.

(Unit: Baht)

| | Program Computer | Program Computer under installation | Total |
|---|---------------------|---|------------|
| Cost | | | |
| 1 January 2022 | 4,452,302 | 4,399,180 | 8,851,482 |
| Additions | 179,211 | 3,338,809 | 3,518,020 |
| 31 December 2022 | 4,631,513 | 7,737,989 | 12,369,502 |
| Additions | 585,055 | 3,718,100 | 4,303,155 |
| Transfer in (out) | 2,968,800 | (2,968,800) | - |
| Adjustment during the year | - | (135,700) | (135,700) |
| 31 December 2023 | 8,185,368 | 8,351,589 | 16,536,957 |
| Accumulated amortisation: | | | |
| 1 January 2022 | 4,229,432 | - | 4,229,432 |
| Amortisation for the year | 97,456 | - | 97,456 |
| 31 December 2022 | 4,326,888 | - | 4,326,888 |
| Amortisation for the year | 227,322 | - | 227,322 |
| 31 December 2023 | 4,554,210 | - | 4,554,210 |
| Net book value: | | | |
| 31 December 2022 | 304,625 | 7,737,989 | 8,042,614 |
| 31 December 2023 | 3,631,158 | 8,351,589 | 11,982,747 |
| Amortisation included in profit or loss for the year ended | | | |
| 31 December 2022 | | | 97,456 |
| 31 December 2023 | | | 227,322 |

As at 31 December 2023 and 2022, certain computer software items were fully amortised but are still in use. The gross carrying amount before deducting accumulated amortisation of those assets amounted to approximately Baht 4.4 million and Baht 4.0 million, respectively.

16. Lease

The Company has entered into lease agreement of office building space and vehicle. The term of agreement is 3 years and 4 years, respectively.

16.1 Right-of-use assets

Movement for right-of-use assets during the years ended 31 December 2023 and 2022 are summarised below:

| | (Unit: Baht) | | |
|--|------------------|----------------|------------------|
| | Building | Vehicle | Total |
| Right-of-use assets as at 1 January 2022 | 2,457,253 | 1,006,934 | 3,464,187 |
| Addition | 7,606,987 | - | 7,606,987 |
| Depreciation for the year | (2,562,906) | (449,747) | (3,012,653) |
| Net book value as at 31 December 2022 | 7,501,334 | 557,187 | 8,058,521 |
| Depreciation for the year | (2,535,662) | (412,269) | (2,947,931) |
| Net book value as at 31 December 2023 | <u>4,965,672</u> | <u>144,918</u> | <u>5,110,590</u> |

16.2 Lease liabilities

Movement of lease liabilities for the years ended 31 December 2023 and 2022 are summarised below:

| | (Unit: Baht) | | |
|--|------------------|----------------|------------------|
| | Building | Vehicle | Total |
| Lease liabilities as at 1 January 2022 | 2,303,917 | 1,014,692 | 3,318,609 |
| Additional | 7,329,448 | - | 7,329,448 |
| Financial cost | 21,383 | 7,942 | 29,325 |
| Lease payments | (2,536,703) | (458,400) | (2,995,103) |
| Lease liabilities as at 31 December 2022 | 7,118,045 | 564,234 | 7,682,279 |
| Financial cost | 156,650 | 3,377 | 160,027 |
| Lease payments | (2,536,704) | (420,200) | (2,956,904) |
| Lease liabilities as at 31 December 2023 | <u>4,737,991</u> | <u>147,411</u> | <u>4,885,402</u> |

(Unit: Baht)

| | 2023 | | | 2022 | | |
|--------------------------------------|-----------|---------|-----------|-----------|---------|-----------|
| | Building | Vehicle | Total | Building | Vehicle | Total |
| Undiscounted lease liabilities | | | | | | |
| Payable within 1 year | 2,536,704 | 147,707 | 2,684,411 | 2,536,704 | 458,400 | 2,995,104 |
| Payable more than 1 year | 2,325,312 | - | 2,325,312 | 4,862,016 | 109,507 | 4,971,523 |
| Total undiscounted lease liabilities | 4,862,016 | 147,707 | 5,009,723 | 7,398,720 | 567,907 | 7,966,627 |
| Less: Financial cost | (124,025) | (296) | (124,321) | (280,675) | (3,673) | (284,348) |
| Total lease liabilities | 4,737,991 | 147,411 | 4,885,402 | 7,118,045 | 564,234 | 7,682,279 |

16.3 Expenses relating to leases that are recognised in profit or loss

(Unit: Baht)

| | 2023 | 2022 |
|---------------------------------------|-----------|-----------|
| Depreciation of right-of-use assets | 2,947,931 | 3,012,660 |
| Interest expense on lease liabilities | 160,027 | 29,325 |
| Expenses related short-term contracts | 435,816 | 469,927 |

The Company had total cash outflows for leases for the year ended 31 December 2023 of Baht 3.4 million (2022: Baht 3.5 million), including the cash outflow related to short-term lease, leases of low-value assets.

17. Deferred tax assets/liabilities and income tax expenses

17.1 Deferred tax assets/liabilities

As at 31 December 2023 and 2022, the components of deferred tax assets and deferred tax liabilities are as follows.

| | (Unit: Baht) | | | |
|--|---|-------------------|--------------------|------------------|
| | Change in Deferred tax assets/liabilities for the years ended 31 December | | | |
| | 2023 | 2022 | 2023 | 2022 |
| Deferred tax assets | | | | |
| Provision for loss incurred but not yet reported | 3,424,306 | 8,142,153 | (4,717,847) | 4,220,392 |
| Loss reserves | 3,173,318 | 4,922,950 | (1,749,632) | (10,821,833) |
| Premium reserves | 1,977,780 | - | 1,977,780 | (2,809,591) |
| Allowance for doubtful accounts | 29,100,701 | 28,797,828 | 302,873 | 10,832,190 |
| Employee benefit obligations | 2,562,313 | 2,435,856 | 126,457 | 197,999 |
| Allowance for impairment of investments | 2,772,042 | 2,772,042 | - | (1,929,102) |
| Expected credit loss | 2,270,299 | 2,437,744 | (167,445) | (2,992,476) |
| Unrealised losses on changes in value of financial assets measured at fair value through profit or loss | - | 85,405 | (85,405) | 85,405 |
| Total | 45,280,759 | 49,593,978 | | |
| Deferred tax liabilities | | | | |
| Unrealised gains on changes in value of financial assets measured at fair value through profit or loss | 90,793 | - | 90,793 | (6,109,177) |
| Unrealised gains on changes in value of equity instruments designated at fair value through other comprehensive income | 3,807,040 | 5,941,499 | (2,134,459) | 985,639 |
| Total | 3,897,833 | 5,941,499 | | |
| Deferred tax assets - net | 41,382,926 | 43,652,479 | | |
| Total change | | | (2,269,553) | 1,906,522 |
| Recognition of changes: | | | | |
| - Profit or loss | | | (3,810,935) | 3,385,873 |
| - Other comprehensive income | | | 1,541,382 | (1,479,351) |
| | | | (2,269,553) | 1,906,522 |

17.2 Income tax expenses

Income tax expense (revenue) for the years ended 31 December 2023 and 2022 are made up as follows:

| | (Unit: Baht) | |
|---|------------------|--------------------|
| | 2023 | 2022 |
| Current income tax: | | |
| Current income tax charge for the year | - | - |
| Deferred income tax: | | |
| Deferred income tax relating to origination and reversal of temporary differences | 3,810,935 | (3,385,873) |
| Deferred tax relating to disposals of equity instruments designated to be measured at fair value through other comprehensive income during the year | - | - |
| Income tax expense (revenue) reported in the profit or loss | <u>3,810,935</u> | <u>(3,385,873)</u> |

Reconciliation between income tax expense (revenue) and product of accounting losses multiplied by the applicable tax rate for the years ended 31 December 2023 and 2022 are shown below.

| | (Unit: Baht) | |
|--|---------------------|----------------------|
| | 2023 | 2022 |
| Accounting losses before income tax | <u>(45,915,090)</u> | <u>(243,667,763)</u> |
| Applicable tax rate | 20% | 20% |
| Income tax at the applicable tax rate | (9,183,018) | (48,733,553) |
| Tax losses incurred during the period which is not recognised as deferred tax assets | 12,659,964 | 45,020,346 |
| Tax effect of: | | |
| Net effect of exempted income and non-deductible expenses | <u>341,989</u> | <u>327,334</u> |
| Income tax expense (revenue) as reported in profit or loss | <u>3,810,935</u> | <u>(3,385,873)</u> |

As at 31 December 2023, the Company has unused tax losses totaling Baht 346.9 million, on which will expire by 2028. The Company has not recognised as deferred tax asset since Company believes future taxable profits may not be sufficient to allow utilisation of unused tax losses.

18. Other assets

| | (Unit: Baht) | |
|--|--------------|--------------|
| | 2023 | 2022 |
| Other assets - financial assets | | |
| Other receivables | 16,237,282 | 33,596,000 |
| Less: Allowance for expected credit loss | (11,344,606) | (11,824,606) |
| Other receivables - net | 4,892,676 | 21,771,394 |
| Deposits | 3,315,073 | 3,315,073 |
| Advance payment | 256,208 | 530,340 |
| Total | 8,463,957 | 25,616,807 |
| Other assets - other | | |
| Prepaid commission and brokerages expenses | 528,060 | 2,437,215 |
| Prepaid expenses | 2,910,230 | 887,539 |
| Prepaid insurance premium expenses | 122,408 | 803,541 |
| Input tax not due | 3,625,543 | 1,965,053 |
| Revenue department receivables | 4,675,770 | 2,361,129 |
| Others | 3,888,668 | 3,823,500 |
| Total | 15,750,679 | 12,277,977 |
| Total other assets | 24,214,636 | 37,894,784 |

19. Insurance contract liabilities

| | (Unit: Baht) | | |
|--|-----------------------------------|-------------------------------|-------------|
| | 2023 | | |
| | Insurance contract liabilities | Reinsurance on liabilities | Net |
| Loss reserves | | | |
| - Claims incurred and reported | 22,787,765 | (6,921,176) | 15,866,589 |
| - Claims incurred but not yet reported | 26,234,006 | (9,112,475) | 17,121,531 |
| Premium reserves | | | |
| - Unearned premium reserves | 141,446,274 | (53,411,227) | 88,035,047 |
| Total | 190,468,045 | (69,444,878) | 121,023,167 |

(Unit: Baht)

| | 2022 | | Net |
|--|-----------------------------------|-------------------------------|--------------------|
| | Insurance contract liabilities | Reinsurance on liabilities | |
| Loss reserves | | | |
| - Claims incurred and reported | 33,160,019 | (8,545,271) | 24,614,748 |
| - Claims incurred but not yet reported | 61,307,983 | (20,597,217) | 40,710,766 |
| Premium reserves | | | |
| - Unearned premium reserves | 93,783,984 | (47,441,696) | 46,342,288 |
| Total | 188,251,986 | (76,584,184) | 111,667,802 |

19.1 Loss reserves

(Unit: Baht)

| | 2023 | 2022 |
|---|--------------|---------------|
| Balance - beginning of the year | 94,468,002 | 259,302,546 |
| Claim expenses for the year | 69,642,634 | 539,431,939 |
| Change in loss reserves and assumptions | (59,112,124) | (110,933,022) |
| Claim expenses paid during the year | (55,976,741) | (593,333,461) |
| Balance - end of the year | 49,021,771 | 94,468,002 |

As at 31 December 2023 and 2022, the Company had loss reserves under reinsurance contracts of Baht 3.2 million and Baht 4.8 million, respectively.

Loss development table

(a) Gross loss reserves table

(Unit: Baht)

| Accident Year / Reporting Year | Before 2017 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | Total |
|---|---------------|------------|------------|-------------|-------------|-------------|-------------|------------|------------|
| Estimate of ultimate claims incurred | | | | | | | | | |
| - At end of accident year | 1,869,071,949 | 87,099,572 | 72,692,581 | 146,782,693 | 181,299,093 | 435,429,833 | 482,365,250 | 66,968,851 | |
| - One year later | 1,610,045,348 | 64,159,709 | 53,461,442 | 142,657,548 | 182,722,193 | 388,194,099 | 425,716,643 | | |
| - Two years later | 1,500,933,685 | 61,903,064 | 51,892,938 | 97,177,842 | 181,952,983 | 390,160,951 | | | |
| - Three years later | 1,420,283,734 | 60,877,683 | 51,894,102 | 55,948,664 | 182,190,377 | | | | |
| - Four years later | 1,328,654,720 | 60,877,683 | 51,844,013 | 55,681,862 | | | | | |
| - Five years later | 1,332,821,722 | 60,877,683 | 51,813,512 | | | | | | |
| Estimate of cumulative ultimate claims incurred | 1,333,243,523 | 60,877,683 | 51,813,512 | 55,681,862 | 182,190,377 | 390,160,951 | 425,716,643 | 66,968,851 | |
| Cumulative payments to date | 1,333,243,523 | 60,877,683 | 51,813,512 | 55,077,073 | 182,325,497 | 386,510,146 | 419,900,422 | 32,598,501 | |
| Total gross loss reserves | - | - | - | 604,789 | -135,120 | 3,650,805 | 5,816,221 | 34,370,350 | 44,307,045 |
| Unallocated loss adjustment expense reserves | | | | | | | | | 3,567,990 |
| Others | | | | | | | | | 1,146,736 |
| Total loss reserves | | | | | | | | | 49,021,771 |

(b) Net loss reserves table

(Unit: Baht)

| Accident Year / Reporting Year | Before 2017 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | Total |
|---|---------------|------------|------------|------------|------------|-------------|-------------|------------|------------|
| Estimate of ultimate claims incurred | | | | | | | | | |
| - At end of accident year | 2,934,492,149 | 59,688,837 | 43,536,496 | 38,278,265 | 32,794,618 | 162,351,190 | 302,656,879 | 44,181,609 | |
| - One year later | 296,869,700 | 44,913,156 | 33,668,043 | 35,954,464 | 35,953,097 | 163,319,799 | 266,425,802 | | |
| - Two years later | 275,619,224 | 42,283,125 | 32,236,747 | 34,371,072 | 35,072,916 | 161,852,301 | | | |
| - Three years later | 268,544,141 | 42,026,308 | 32,226,625 | 34,213,677 | 34,687,134 | | | | |
| - Four years later | 260,950,119 | 42,026,308 | 32,177,316 | 33,768,474 | | | | | |
| - Five years later | 260,260,023 | 42,026,308 | 32,146,815 | | | | | | |
| Estimate of cumulative ultimate claims incurred | 357,977,555 | 42,026,308 | 32,146,815 | 33,768,474 | 34,687,134 | 161,852,301 | 266,425,802 | 44,181,609 | |
| Cumulative payments to date | 357,977,555 | 42,026,308 | 32,146,815 | 33,181,499 | 34,795,577 | 161,712,511 | 262,601,731 | 22,946,430 | |
| Total gross loss reserves | - | - | - | 586,975 | -108,443 | 139,790 | 3,824,071 | 21,235,179 | 25,677,572 |
| Unallocated loss adjustment expense reserves | | | | | | | | | 3,567,990 |
| Adjusted accrued claim expenses | | | | | | | | | 1,716,526 |
| Others | | | | | | | | | 2,026,032 |
| Total loss reserves | | | | | | | | | 32,988,120 |

Assumptions

The key assumptions used in estimating loss reserves and loss adjustment expenses under insurance contracts are based on the expectation that future loss development will be similar historical loss development patterns. The key assumptions used in the estimation of these reserves are as follows:

(a) Initial expected ultimate loss ratio for the most recent accident year

Initial expected ultimate loss ratio for the most recent accident year is a preliminary estimate of the ratio of the ultimate loss and earned premium for the most recent accident year, based on historical claims data, industry data and assumptions used in estimating premiums.

(b) First claims development factor

First claims development factor is the ratio of cumulative incurred claims as at the second development period to those of the first development period. This factor is selected primarily based on historical averages. The factor has an impact on the estimation of incurred but not reported claim liabilities for the most recent accident quarter.

(c) Unallocated loss adjustment expense ratio

Unallocated loss adjustment expense ratio is the ratio of claim-related expenses that cannot be allocated to a particular claim, such as salaries and other operating expense of the claim department, and claims paid during the year. The ratio is calculated using actual historical claims data of the Company.

19.2 Unearned premium reserves

| | (Unit: Baht) | |
|-------------------------------------|--------------------|-------------------|
| | 2023 | 2022 |
| Balance - beginning of the year | 93,783,984 | 256,116,103 |
| Premium written for the year | 376,651,814 | 454,704,967 |
| Premium earned for the current year | (328,989,524) | (617,037,086) |
| Balance - end of the year | <u>141,446,274</u> | <u>93,783,984</u> |

20. Due to reinsurers

| | (Unit: Baht) | |
|---------------------------------|--------------------|--------------------|
| | 2023 | 2022 |
| Amounts withheld on reinsurance | 17,031,994 | 116,304,211 |
| Amount due to reinsurers | 168,051,663 | 132,601,210 |
| Total | <u>185,083,657</u> | <u>248,905,421</u> |

21. Employee benefit obligations

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

| | (Unit: Baht) | |
|---|-------------------|-------------------|
| | 2023 | 2022 |
| Provision for long-term employee benefits at beginning of year | 12,179,279 | 11,189,286 |
| To be recognised in profit or loss | | |
| Current service cost | 3,237,167 | 3,782,314 |
| Interest cost | 360,507 | 231,307 |
| To be recognised in other comprehensive income | | |
| Actuarial (gain) loss arising from | | |
| - Demographic assumptions changes | (694,247) | 172,891 |
| - Financial assumptions changes | 196,618 | 21,351 |
| - Experience adjustments | (2,467,757) | (2,662,802) |
| Benefits paid during the year | - | (555,068) |
| Provision for long-term employee benefits at end of year | <u>12,811,567</u> | <u>12,179,279</u> |

The Company expects that the payment of long-term employee benefits is not been incurred during the next year.

As at 31 December 2023 and 2022, the weighted average duration of the liabilities for long-term employee benefit is 12 Years.

Significant actuarial assumptions are summarised as follows:

| | 2023 | 2022 |
|-------------------------------|---------------------------|---------------------------|
| | Percent per annum | Percent per annum |
| Discount rate | 2.74 | 2.96 |
| Future salary increasing rate | 5.0 | 5.0 |
| Staff turnover rate | 3.8 - 25.8 | 3.2 - 21.5 |
| Mortality rate | Mortality rate of 2017 | Mortality rate of 2017 |

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2023 and 2022 are summarised below:

| | 2023 | | | |
|----------------------|------------|-----------------|------------|-----------------|
| | Assumption | Amount increase | Assumption | Amount increase |
| | increase | (decrease) | decrease | (decrease) |
| | | Baht | | Baht |
| Discount rate | +1% | (792,117) | -1% | 884,426 |
| Salary increase rate | +1% | 824,419 | -1% | (754,394) |
| Staff turnover rate | +20% | (751,546) | -20% | 872,114 |

| | 2022 | | | |
|----------------------|------------|-----------------|------------|-----------------|
| | Assumption | Amount increase | Assumption | Amount increase |
| | increase | (decrease) | decrease | (decrease) |
| | | Baht | | Baht |
| Discount rate | +1% | (878,772) | -1% | 984,989 |
| Salary increase rate | +1% | 925,999 | -1% | (843,766) |
| Staff turnover rate | +20% | (692,197) | -20% | 780,026 |

22. Other liabilities

| | (Unit: Baht) | |
|--|--------------|-------------|
| | 2023 | 2022 |
| Other liabilities - financial liabilities | | |
| Accrued expenses | 38,644,200 | 45,313,574 |
| Other payables | 7,479,401 | 10,911,437 |
| Total | 46,123,601 | 56,225,011 |
| Other liabilities - other | | |
| Accrued commission expenses | 19,340,551 | 20,236,723 |
| Accrued marketing expenses | 2,425,810 | 8,341,458 |
| Deposits for insurance premium | 15,784,452 | 13,212,967 |
| Revenue department payable | 3,979,590 | 1,994,273 |
| Other payables | 10,587,412 | 6,158,478 |
| Others | 3,799,609 | 3,608,736 |
| Total | 55,917,424 | 53,552,635 |
| Total other liabilities | 102,041,025 | 109,777,646 |

23. Share capital

As at 31 December 2023 and 2022, the Company has registered share capital consisting of 30 million ordinary shares of Baht 10 each and has issued and fully paid-up share capital consisting of 30 million ordinary shares of Baht 10 each, totalling Baht 300 million.

24. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

25. Net investment income

| | (Unit: Baht) | |
|---------------------|------------------|------------------|
| | 2023 | 2022 |
| Interest income | 6,135,993 | 8,483,537 |
| Dividend income | 40,500 | 2,660,799 |
| Investment expenses | (733,782) | (1,656,838) |
| Total | <u>5,442,711</u> | <u>9,487,498</u> |

26. Net gain on financial instruments

| | (Unit: Baht) | |
|--|---------------|-------------------|
| | 2023 | 2022 |
| Gain from disposal and derecognition | | |
| Debt instruments classified and measured at fair value | | |
| through profit or loss | 88,534 | 37,352 |
| Equity instruments classified and measured at fair value | | |
| through profit or loss | - | 14,967,996 |
| Total | <u>88,534</u> | <u>15,005,348</u> |

27. Fair value gain (loss) from financial instruments

| | (Unit: Baht) | |
|---|----------------|---------------------|
| | 2023 | 2022 |
| Debt instruments measure at fair value through profit or loss | 880,990 | (11,553,806) |
| Equity instruments measure at fair value through profit or loss | - | (19,419,105) |
| Total | <u>880,990</u> | <u>(30,972,911)</u> |

28. Operating expenses

| | (Unit: Baht) | |
|---------------------------------|--------------------|--------------------|
| | 2023 | 2022 |
| Personnel expenses | 88,598,960 | 96,584,021 |
| Premises and equipment expenses | 26,951,440 | 25,898,051 |
| Taxes and duties | 5,218 | 235,148 |
| Bad debts and doubtful accounts | 1,514,365 | 54,160,949 |
| Other operating expenses | 16,681,974 | 22,679,203 |
| Total operating expenses | <u>133,751,957</u> | <u>199,557,372</u> |

29. Expected credit loss (reversal)

| | (Unit: Baht) | |
|---|------------------|---------------------|
| | 2023 | 2022 |
| Expected credit loss (reversal) from | | |
| Cash and cash equivalents | (1,732) | (18,420) |
| Debt instruments measured at amortised cost | (355,131) | (14,216,081) |
| Accrued investment incomes | (367) | (7,879) |
| Other financial assets | (480,000) | (720,000) |
| Total | <u>(837,230)</u> | <u>(14,962,380)</u> |

30. Expenses by nature

Expense by nature are comprised significant expense as follows:

| | (Unit: Baht) | |
|-------------------------------------|--------------------|--------------------|
| | 2023 | 2022 |
| Claims expenses | 3,990,273 | 300,832,537 |
| Commissions and brokerages expenses | 62,382,763 | 69,693,507 |
| Other underwriting expenses | 51,141,670 | 69,310,218 |
| Personnel expenses | 100,532,948 | 109,400,923 |
| Premises and equipment expenses | 26,951,440 | 25,898,051 |
| Other operating expenses | 17,531,654 | 62,152,132 |
| Total expenses by nature | <u>262,530,748</u> | <u>637,287,368</u> |

31. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5% of basic salary. The fund, which is managed by TISCO Asset Management Co., Ltd. will be paid to employees upon termination in accordance with the fund rules. During the year 2023, the Company contributed Baht 4.9 million to the fund (2022: Baht 2.5 million).

32. Loss per share

Basic loss per share is calculated by dividing loss for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

33. Related party transactions

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 | Relationship with the Company |
|---------------------------|---|
| Tune Protect Group Berhad | Related by way of common directors and shareholding |
| Thai Air Asia | Related by way of common directors |
| Thai Air Asia X | Related by way of common directors |

During the years, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

| | (Unit: Million Baht) | | |
|--|----------------------|------|--|
| | 2023 | 2022 | Pricing policy |
| Transactions with related companies | | | |
| Premium written | 53.8 | 20.1 | According to term of underwriting agreements |
| Claims | - | 0.1 | As actually paid |

As at 31 December 2023 and 2022, outstanding balances with those related companies are as follows:

| | (Unit: Baht) | |
|----------------------------|--------------|-----------|
| | 2023 | 2022 |
| Premium receivables | | |
| Thai Air Asia | 9,247,427 | 3,242,714 |
| Thai Air Asia X | 3,089,244 | 876,512 |
| Loss reserves | | |
| Thai Air Asia | 3,100 | - |
| Thai Air Asia X | 800 | - |

Directors and key management's remuneration

During the years ended 31 December 2023 and 2022, the Company had employment benefit expenses to their directors and key management as below.

| | (Unit: Million Baht) | |
|--------------------------|----------------------|------|
| | 2023 | 2022 |
| Short-term benefits | 77.1 | 84.6 |
| Post-employment benefits | 3.2 | 3.3 |
| Total | 80.3 | 87.9 |

34. Contribution to General Insurance Fund

| | (Unit: Baht) | |
|---|--------------|------------|
| | 2023 | 2022 |
| Accumulated General Insurance fund at the beginning of the year | 11,466,360 | 10,333,508 |
| Contribution during the year | 1,282,861 | 1,132,852 |
| Accumulated General Insurance fund at the end of the year | 12,749,221 | 11,466,360 |

35. Commitments and contingent liabilities

35.1 Operating lease and service commitments

- As at 31 December 2023 and 2022, the Company has entered into several lease agreements in respect of office equipment and other services. The lease agreements consist of short-term lease and leases of low-value assets, lease term 1 - 4 years. The future minimum payments required under these agreements were as follows:

| | (Unit: Million Baht) | |
|------------------|----------------------|------|
| | 2023 | 2022 |
| Payable within: | | |
| Within 1 year | 5.8 | 7.4 |
| More than 1 year | 2.0 | 7.3 |

- The Company has entered into service agreement to obtain notification claims services for travel insurance policy at the rate 0.70% of insurance premium per month.

35.2 Litigation

As at 31 December 2023, the Company has been sued for damages as an insurer. The total exposure of litigation cases amounts to Baht 64.8 million (2022: Baht 8.7 million). However, the Company is obligated under the insurance liabilities totaling Baht 141.5 million (2022: Baht 3.4 million). The outcomes of the cases have not yet been finalized, since the case is in the step of further appointment. Therefore, the Company has set aside provision for potential losses in the financial statement amounting to Baht 0.9 million (2022: Baht 1.7 million) and the Company's management believes that upon the conclusion from litigation, the remaining amount will not be material to the Company's financial positions and operating result.

35.3 Capital commitments

As at 31 December 2023, the Company had capital commitments of approximately Baht 8.9 million (2022: baht 6.0 million) relating to computer software development.

36. Capital management

The primary objectives of the Company's capital management are to ensure that it preserves ability to continue its business as a going concern and to maintain risk-based capital reserve in accordance with Notification of Office of Insurance Commission.

37. Risk and risk management policies

37.1 Insurance risk

Insurance risk is the risk that the frequency, severity and timing of losses may deviate from the assumptions used in determining the premium rates, reserve calculations, insurance underwriting and reinsurance, particularly losses arising from unusual external factors such as substantial geographical, social and cultural changes. These may put the Company in a situation where it has to pay a large amount of claims, which could negatively impact on both the Company's performance and financial position.

The Company systematically manages the risk, starting with the underwriting process which gives priority to low-risk insurance by taking into account the nature of the insured persons, properties, and business operations, as well as geographical areas that may be affected by natural disasters. The Company considers these factors based on historical data, and determines premium rates that reflect the level of risk. In addition, the Company manages high-risk insurance by transferring the risks through reinsurance with foreign and local reinsurers that are financially stable, in various forms, such as treaty reinsurance, facultative reinsurance and excess of loss reinsurance, taking in account its risk capacity and risk tolerance for each type of insurance. Moreover, the Company rigorously manages the claims process in a way that corresponds to actual risks.

Details of insurance contract liabilities as at 31 December 2023 and 2022 by type of insurance are as follows:

(Unit: Million Baht)

| | 2023 | | | 2022 | | |
|------------------------------|------------------|---------------|-------------|------------------|---------------|-------------|
| | Premium reserves | | | Premium reserves | | |
| | Gross | Reinsurance | Net | Gross | Reinsurance | Net |
| Fire | 3.7 | (1.6) | 2.1 | 4.5 | (2.6) | 1.9 |
| Marine and transportation | 8.5 | (2.5) | 6.0 | 8.4 | (2.7) | 5.7 |
| Motor | 42.7 | (0.2) | 42.5 | 15.7 | (0.3) | 15.4 |
| Personal accident and health | 1.6 | (0.9) | 0.7 | 7.6 | (2.5) | 5.1 |
| Miscellaneous | 84.9 | (48.2) | 36.7 | 57.6 | (39.4) | 18.2 |
| Total | 141.4 | (53.4) | 88.0 | 93.8 | (47.5) | 46.3 |

(Unit: Million Baht)

| | 2023 | | | 2022 | | |
|------------------------------|---------------|---------------|-------------|---------------|---------------|-------------|
| | Loss reserves | | | Loss reserves | | |
| | Gross | Reinsurance | Net | Gross | Reinsurance | Net |
| Fire | 1.8 | (0.4) | 1.4 | 1.5 | (0.4) | 1.1 |
| Marine and transportation | 6.6 | (2.2) | 4.4 | 7.3 | (0.4) | 6.9 |
| Motor | 15.4 | (0.4) | 15.0 | 14.1 | - | 14.1 |
| Personal accident and health | 2.3 | (1.0) | 1.3 | 5.0 | (1.3) | 3.7 |
| Miscellaneous | 22.9 | (12.1) | 10.8 | 66.6 | (27.0) | 39.6 |
| Total | 49.0 | (16.1) | 32.9 | 94.5 | (29.1) | 65.4 |

The Company performed analysis of the sensitivity of insurance liabilities to fluctuate based on fluctuation of the assumptions used in the calculation, which will affect the claims obligation, both before and after reinsurance. This is a risk that the frequency and severity of loss events on the related claims management expenses may differ from expectation.

The impact of changes to assumptions that are significant to the claims obligations recorded as of 31 December 2023 and 2022 is as follows:

(Unit: Million Baht)

| | | 2023 | | | |
|---|-----------------------|-------------------|-----|----------------------------|-------------------------|
| | | Claim liabilities | | Profit before tax decrease | Owners' equity decrease |
| Change in assumptions | Increase on gross | Increase on net | | | |
| Ultimate loss ratio for the most recent accident year | +10% (additive) | 9.2 | 5.3 | (5.3) | (5.3) |
| First Claims Development Factor | +10% (multiplicative) | 2.2 | 1.3 | (1.3) | (1.3) |
| Unallocated loss adjustment expense ratio | +1% (additive) | 0.3 | 0.3 | (0.3) | (0.3) |

(Unit: Million Baht)

| | | 2022 | | | |
|---|-----------------------|-------------------|-----|----------------------------|-------------------------|
| | | Claim liabilities | | Profit before tax decrease | Owners' equity decrease |
| Change in assumptions | Increase on gross | Increase on net | | | |
| Ultimate loss ratio for the most recent accident year | +10% (additive) | 10.0 | 4.8 | (4.8) | (4.8) |
| First Claims Development Factor | +10% (multiplicative) | 2.2 | 2.6 | (2.6) | (2.6) |
| Unallocated loss adjustment expense ratio | +1% (additive) | 0.8 | 0.8 | (0.8) | (0.8) |

(Unit: Million Baht)

| | | 2023 | | | |
|---|-----------------------|-------------------|-------|----------------------------|-------------------------|
| | | Claim liabilities | | Profit before tax increase | Owners' equity increase |
| Change in assumptions | Decrease on gross | Decrease on net | | | |
| Ultimate loss ratio for the most recent accident year | +10% (additive) | (7.1) | (4.7) | 4.7 | 4.7 |
| First Claims Development Factor | +10% (multiplicative) | (2.3) | (1.5) | 1.5 | 1.5 |
| Unallocated loss adjustment expense ratio | +1% (additive) | (0.3) | (0.3) | 0.3 | 0.3 |

(Unit: Million Baht)

| | 2022 | | | | |
|---|-----------------------|-------------------|-----------------|----------------------------|-------------------------|
| | Change in assumptions | Claim liabilities | | Profit before tax increase | Owners' equity increase |
| | | Decrease on gross | Decrease on net | | |
| Ultimate loss ratio for the most recent accident year | -10% (additive) | (8.6) | (4.3) | 4.3 | 4.3 |
| First Claims Development Factor | -10% (multiplicative) | (2.2) | (2.3) | 2.3 | 2.3 |
| Unallocated loss adjustment expense ratio | -1% (additive) | (0.8) | (0.8) | 0.8 | 0.8 |

37.2 Financial risks

The Company's financial instruments principally comprise cash and cash equivalents, premium receivables, investments, reinsurance assets and reinsurance receivables. The financial risk associated with these financial instruments and how they are managed is described below.

(a) Credit risk

Credit risk is the risk that the Company may suffer a financial loss as a result of a counterparty's inability to comply with the terms of a financial instrument. The Company is exposed to credit risk primarily with respect to premium receivables, reinsurance assets, reinsurance receivables, debt instruments and other assets. The Company's maximum exposure to credit risk is limited to the book value less allowance for doubtful debt as presented in the statement of financial position. The Company separates the credit risk as follows:

Credit risk from insurance contracts

Credit risk for underwriting and reinsurance relating to premium receivables, reinsurance assets and receivables on reinsurance contracts is managed by adopting appropriate underwriting policies and procedures that meet the needs and income level of customers, following up on collection of premium receivables, and considering reinsurance with overseas reinsurers that are financially stable and have good credit ratings through constant update of their credit rating, and arranging reinsurance with local reinsurers that have an acceptable capital adequacy ratio. In addition, the credit concentration risk arising from the premium receivable is insignificant as the Company's insured are distributed across different industries and regions in Thailand.

Credit risk from financial instruments

Credit risk from financial instruments relates to investments in debt securities and other financial assets. Management of the Investment Department is responsible for monitoring, reviewing and managing counterparties credit risk and other environmental risks and reporting the investment situation to the Executive Committee and the Board of Directors. The Company manages and controls credit risk by determining an acceptable risk level for each counterparty and monitoring that risk does not exceed the acceptable level. The Company has a policy to invest in government and state enterprise bonds and debt securities issued by large private firms that are financially stable and high-quality financial instruments with credit rating not lower than BBB-. Therefore, the Company does not expect to have material exposure to credit risk.

Maximum exposure to credit risk

The maximum exposure to credit risk of financial assets by credit rating of counterparty is carrying amount as at 31 December 2023 and 2022 as follows:

(Unit: Thousand Baht)

| | 2023 | | | 2022 | | |
|---|---------------------|-----------------------------|--------------------|---------------------|-----------------------------|--------------------|
| | Investment grade | Non- investment grade | Carrying amount | Investment grade | Non- investment grade | Carrying amount |
| Cash and cash equivalents | 42,753 | - | 42,753 | 67,139 | - | 67,139 |
| Accrued investment income | 901 | - | 901 | 923 | 10 | 933 |
| Debt securities measured at amortised cost | 76,238 | - | 76,238 | 100,114 | 19,676 | 119,790 |

Credit impairment assessment of financial assets

The Company's measurement and valuation method of the expected credit losses relating to financial assets are as follows:

Financial assets with a significant increase in credit risk

The Company continuously monitors and analyses the status of financial assets to assess whether there has been a significant increase in credit risk since initial recognition. In making these assessments, the Company compares the risk of non-compliance of financial assets at the end of reporting period with the risk of non-compliance of financial assets at the initial recognition date.

Determination of whether there has been a significant increase in credit risk since initial recognition is based on consideration of counterparty's contractual payment past due and or being downgraded in the credit rating. Moreover, financial assets are considered credit impaired when one or more events occur affecting the counterparty's future cashflow estimates. Evidence of a financial asset being credit impaired other than the counterparty's contractual payment past due includes observable information such as the issuer of a financial instrument facing significant financial difficulty, a high probability that the counterparty will be entered bankruptcy or undergo financial restructuring, and a significantly change in the counterparty's credit rating. The Company monitors and reports these changes of credit rating to Investment Committee to manage the risk.

Allowance for expected credit losses

The staging for financial assets is based on changes in credit risk since initial recognition, recognition expected credit losses within the next 12 months, lifetime expected credit losses and credit impairment as discussed in Note 4.8 to financial statements.

The credit quality of financial assets exposed to credit risk is as follows:

(Unit: Thousand Baht)

| | 2023 | | | |
|--|--|--|---|---------------|
| | Stage 1 Financial assets that have not had a significant increase in credit risk (12-mth ECL) | Stage 2 Financial assets that have a significant increase in credit risk (Lifetime ECL - not credit impaired) | Stage 3 Financial assets that are credit-impaired (Lifetime ECL - credit impaired) | Total |
| Cash and cash equivalents | | | | |
| Investment grade | 42,756 | - | - | 42,756 |
| Non-investment grade | - | - | - | - |
| Total | 42,756 | - | - | 42,756 |
| Expected credit losses | (4) | - | - | (4) |
| Net book value | 42,752 | - | - | 42,752 |
| Accrued investment income | | | | |
| Investment grade | 901 | - | - | 901 |
| Non-investment grade | - | - | - | - |
| Total | 901 | - | - | 901 |
| Expected credit losses | - | - | - | - |
| Net book value | 901 | - | - | 901 |
| Debt instruments measured at amortised cost | | | | |
| Investment grade | 76,241 | - | - | 76,241 |
| Non-investment grade | - | - | - | - |
| Total | 76,241 | - | - | 76,241 |
| Expected credit losses | (3) | - | - | (3) |
| Net book value | 76,238 | - | - | 76,238 |

(Unit: Thousand Baht)

2022

| | Stage 1 Financial assets that have not had a significant increase in credit risk (12-mth ECL) | Stage 2 Financial assets that have a significant increase in credit risk (Lifetime ECL - not credit impaired) | Stage 3 Financial assets that are credit-impaired (Lifetime ECL - credit impaired) | Total |
|--|--|--|---|---------|
| Cash and cash equivalents | | | | |
| Investment grade | 67,144 | - | - | 67,144 |
| Non-investment grade | - | - | - | - |
| Total | 67,144 | - | - | 67,144 |
| Expected credit losses | (5) | - | - | (5) |
| Net book value | 67,139 | - | - | 67,139 |
| Accrued investment income | | | | |
| Investment grade | 923 | - | - | 923 |
| Non-investment grade | - | 10 | - | 10 |
| Total | 923 | 10 | - | 933 |
| Expected credit losses | - | - | - | - |
| Net book value | 923 | 10 | - | 933 |
| Debt instruments measured at amortised cost | | | | |
| Investment grade | 100,148 | - | - | 100,148 |
| Non-investment grade | - | 20,000 | - | 20,000 |
| Total | 100,148 | 20,000 | - | 120,148 |
| Expected credit losses | (34) | (324) | - | (358) |
| Net book value | 100,114 | 19,676 | - | 119,790 |

The significant movement in the allowance for expected credit losses for the year ended 31 December 2023 and 2022 are as below

(Unit: Thousand Baht)

| | 2023 | | | |
|---|---|---|---|-------|
| | Financial assets that have not had a significant increase in credit risk (12-mth ECL) | Financial assets that have a significant increase in credit risk (Lifetime ECL - not credit impaired) | Financial assets that are credit-impaired (Lifetime ECL -credit impaired) | Total |
| Debt instruments measured at amortised cost | | | | |
| Beginning balance | 34 | 324 | - | 358 |
| Change due to hierarchy change | - | - | - | - |
| Change due to remeasurement of allowance for impairment | - | - | - | - |
| Additions | - | - | - | - |
| Amounts written off | (31) | (324) | - | (355) |
| Ending balance | 3 | - | - | 3 |

(Unit: Thousand Baht)

| | 2022 | | | |
|---|---|---|---|----------|
| | Financial assets that have not had a significant increase in credit risk (12-mth ECL) | Financial assets that have a significant increase in credit risk (Lifetime ECL - not credit impaired) | Financial assets that are credit-impaired (Lifetime ECL -credit impaired) | Total |
| Debt instruments measured at amortised cost | | | | |
| Beginning balance | 259 | 1,739 | 12,576 | 14,574 |
| Change due to remeasurement of allowance for impairment | (7) | (1,415) | - | (1,422) |
| Additions | 29 | - | - | 29 |
| Amounts written off | (247) | - | (12,576) | (12,823) |
| Ending balance | 34 | 324 | - | 358 |

(b) Market risk

Market risk is the risk that changes in interest rates, foreign exchange rates and security prices may affect the Company's financial position.

The Company has policy for management of market risk, which includes the risk management processes, its risk appetite in terms of market price volatility and a risk measurement index that is appropriate for the financial instruments held. The Company also carries out tests of the sensitivity, taking into account the impact of economic scenarios on the financial position, together with regular monitoring and reporting, in order to enable appropriate and adequate control and assessment of risk by the Company.

Risk and risk management policy are summarised below

- Interest rate risk

Interest rate risk is the risk that the value of assets and liabilities will fluctuate due to changes in market interest rates.

The Company manages interest rate risk relating to investments in debt securities by engaging qualified private fund managers to manage the risk relating to changes in market prices.

As at 31 December 2023 and 2022, significant assets and liabilities classified by type of interest rates are summarised in the table below, with those assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

| 2023 | | | | | | | |
|---|--|-------------|---------|------------------------------|--------------------------|-------|-------------------------------|
| | Fixed interest rates | | | Floating interest rate | None-interest bearing | Total | Interest rate (% p.a.) |
| | Remaining periods to repricing date, or maturity date | | | | | | |
| | Within | Over | Over | | | | |
| | 1 year | 1 - 5 years | 5 years | | | | |
| <u>Financial assets</u> | | | | | | | |
| Cash and cash equivalent | 0.3 | - | - | 42.5 | - | 42.8 | 0.45 - 1.00 |
| Investments in securities | | | | | | | |
| Government and state enterprise securities | 53.5 | 29.1 | 39.9 | - | - | 122.5 | 0.00 - 4.85 |
| Private enterprises debt securities | 20.4 | 19.1 | 47.5 | - | - | 87.0 | 1.08 - 4.12 |
| Fixed deposits and certificates of deposits | 0.2 | - | - | - | - | 0.2 | 0.80 |
| Equity securities | - | - | - | - | 70.3 | 70.3 | - |
| <u>Assets under insurance contracts</u> | | | | | | | |
| Premium receivables | - | - | - | - | 82.0 | 82.0 | - |
| Receivables on reinsurance contracts | - | - | - | - | 206.9 | 206.9 | - |
| Claim reserves refundable from reinsurance | - | - | - | - | 16.0 | 16.0 | - |
| <u>Financial liabilities</u> | | | | | | | |
| Lease liabilities | 2.6 | 2.3 | - | - | - | 4.9 | 0.98 - 2.60 |
| <u>Liabilities under insurance contracts</u> | | | | | | | |
| Claim reserves and outstanding claims | - | - | - | - | 49.0 | 49.0 | |
| Amounts due to reinsurers | - | - | - | - | 185.1 | 185.1 | |

(Unit: Million Baht)

| | 2022 | | | | | | |
|---|--|---------------------|-----------------|------------------|---------------|-------|---------------|
| | Fixed interest rates | | | | | | |
| | Remaining periods to repricing date, or maturity date | | | Floating | None-interest | Total | Interest rate |
| | Within 1 year | Over 1 - 5 years | Over 5 years | interest rate | bearing | | (% p.a.) |
| <u>Financial assets</u> | | | | | | | |
| Cash and cash equivalent | 0.3 | - | - | 66.8 | - | 67.1 | 0.10 - 0.35 |
| Investments in securities | | | | | | | |
| Government and state | | | | | | | |
| enterprise securities | 54.5 | - | 67.8 | - | - | 122.3 | 0.00 - 4.85 |
| Private enterprises debt | | | | | | | |
| securities | 19.7 | 32.5 | 50.5 | - | - | 102.7 | 1.08 - 4.12 |
| Fixed deposits and | | | | | | | |
| certificates of deposits | 14.2 | 10.0 | - | - | - | 24.2 | 0.25 - 1.10 |
| Equity securities | - | - | - | - | 80.9 | 80.9 | - |
| <u>Assets under insurance contracts</u> | | | | | | | |
| Premium receivables | - | - | - | - | 82.8 | 82.8 | - |
| Receivables on reinsurance | | | | | | | |
| contracts | - | - | - | - | 245.2 | 245.2 | - |
| Claim reserves refundable | | | | | | | |
| from reinsurance | - | - | - | - | 29.1 | 29.1 | - |
| <u>Financial liabilities</u> | | | | | | | |
| Lease liabilities | 3.0 | 4.7 | - | - | - | 7.7 | 0.98 - 2.60 |
| <u>Liabilities under insurance contracts</u> | | | | | | | |
| Claim reserves and | | | | | | | |
| outstanding claims | - | - | - | - | 94.5 | 94.5 | - |
| Amounts due to reinsurers | - | - | - | - | 248.9 | 248.9 | - |

- Foreign currency risk

The Company's significant exposure to foreign currency risk arises mainly from business transactions with related parties that are denominated in foreign currencies. The Company does not utilise forward foreign currency contracts to mitigate its exposure to foreign currency risk. However, the management believes that impact of such risk would not be material. As at 31 December 2023 and 2022, the Company does not have the balances of financial assets and liabilities in foreign currencies.

- Equity position risk

Equity position risk is the risk that changes in the market prices of equity securities may result in fluctuations in revenues and in the values of financial assets.

The Company manages the risk by requiring that the proportion of each type of investment comprising its investment portfolio does not exceed the proportions prescribed by the Office of Insurance Commission, defining criteria to be applied in selecting the fund managers, other equity investments, and stipulating the maximum acceptable level of risk when losses are incurred as a result of changes in the market prices of securities.

As at 31 December 2023 and 2022, the Company had exposure to equity position risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company may be unable to meet commitments at maturity dates due to its failure to liquidate assets, or obtain sufficient funds in a timely manner, which could result in the occurrence of a financial loss.

The Company manages liquidity risk by reserving some bank deposits that are highly liquid to pay for operating expenses, determining with maturity dates that correspond to cash spending requirements per the cash management plan, and investing in securities that are traded on active markets, such as the Securities Exchange of Thailand or active bond markets, and easily converted to cash.

Counting from the financial position date, the periods to maturity of assets and liabilities held as at 31 December 2023 and 2022 are as follow:

(Unit: Million Baht)

| | 2023 | | | | | Total |
|---|---------|------------------|-------------|-----------------|-------------|-------|
| | At call | Within 1 year | 1 - 5 years | Over 5 years | Unspecified | |
| <u>Financial assets</u> | | | | | | |
| Cash and cash equivalents | 42.5 | 0.3 | - | - | - | 42.8 |
| Investment insecurities | - | 74.1 | 48.2 | 87.4 | 70.3 | 280.0 |
| <u>Assets under insurance contracts</u> | | | | | | |
| Premium receivables | - | 82.0 | - | - | - | 82.0 |
| Receivables on reinsurance contracts | - | 206.9 | - | - | - | 206.9 |
| Claim reserves refundable from reinsurance | - | 16.0 | - | - | - | 16.0 |
| <u>Financial liabilities</u> | | | | | | |
| Lease liabilities | - | 2.7 | 2.3 | - | - | 5.0 |
| <u>Liabilities under insurance contracts</u> | | | | | | |
| Claim reserves and outstanding claims | - | 49.0 | - | - | - | 49.0 |
| Amounts due to reinsurers | - | 185.1 | - | - | - | 185.1 |

(Unit: Million Baht)

| | 2022 | | | | | Total |
|---|---------|------------------|-------------|-----------------|-------------|-------|
| | At call | Within 1 year | 1 - 5 years | Over 5 years | Unspecified | |
| <u>Financial assets</u> | | | | | | |
| Cash and cash equivalents | 66.8 | 0.3 | - | - | - | 67.1 |
| Investment insecurities | - | 88.3 | 42.5 | 118.3 | 80.9 | 330.0 |
| <u>Assets under insurance contracts</u> | | | | | | |
| Premium receivables | - | 80.9 | - | - | - | 80.9 |
| Receivables on reinsurance contracts | - | 245.2 | - | - | - | 245.2 |
| Claim reserves refundable from reinsurance | - | 29.1 | - | - | - | 29.1 |
| <u>Financial liabilities</u> | | | | | | |
| Lease liabilities | - | 3.0 | 5.0 | - | - | 8.0 |
| <u>Liabilities under insurance contracts</u> | | | | | | |
| Claim reserves and outstanding claims | - | 94.5 | - | - | - | 94.5 |
| Amounts due to reinsurers | - | 248.9 | - | - | - | 248.9 |

38. Fair value of financial instruments

As at 31 December 2023 and 2022, The Company had the following financial assets that were measured at fair value and financial assets and liabilities for which fair value are disclosed are classified by fair value level as follows:

(Unit: Million Baht)

| | 2023 | | | | |
|--|-----------------|-------|---------|---------|---------|
| | Carrying amount | Total | Level 1 | Level 2 | Level 3 |
| Financial assets measured at fair value | | | | | |
| Debt instruments measured at fair value through profit or loss | | | | | |
| Government and state enterprise securities | 76 | 76 | - | 76 | - |
| Private enterprises debt securities | 57 | 57 | - | 57 | - |
| Equity instruments designated at fair value through other comprehensive income | | | | | |
| Non-listed domestic equity instruments | 13 | 13 | - | - | 13 |
| Non-listed foreign equity instruments | 57 | 57 | - | - | 57 |
| Financial assets for which fair value are disclosed | | | | | |
| Cash and cash equivalents | 43 | 43 | 43 | - | - |
| Debt instruments measured at amortised cost | | | | | |
| Government and state enterprise securities | 46 | 46 | - | 46 | - |
| Private enterprise debt securities | 30 | 29 | - | 29 | - |

(Unit: Million Baht)

| | 2022 | | | | |
|--|--------------------|------------|---------|---------|---------|
| | Carrying amount | Fair value | | | |
| | | Total | Level 1 | Level 2 | Level 3 |
| Financial assets measured at fair value | | | | | |
| Debt instruments measured at fair value through profit or loss | | | | | |
| Government and state enterprise securities | 76 | 76 | - | 76 | - |
| Private enterprises debt securities | 54 | 53 | - | 53 | - |
| Equity instruments designated at fair value through other comprehensive income | | | | | |
| Non-listed domestic equity instruments | 26 | 26 | - | - | 26 |
| Non-listed foreign equity instruments | 54 | 54 | - | - | 54 |
| Financial assets for which fair value are disclosed | | | | | |
| Cash and cash equivalents | 67 | 67 | 67 | - | - |
| Debt instruments measured at amortised cost | | | | | |
| Government and state enterprise securities | 46 | 46 | - | 46 | - |
| Private enterprise debt securities | 50 | 50 | - | 50 | - |
| Cash at bank and certificates of deposits | 24 | 24 | 24 | - | - |

The fair value hierarchy of financial assets presents according to Note 4.19 to the financial statements. The methods and assumptions used by the Company in estimating the fair value of financial instruments are as follows:

- a) Financial assets maturing in the short-term, which consist of cash and cash equivalents and bank deposits, their fair values are estimated based on the book value in the statement of financial position.
- b) Non-marketable securities, the fair values are determined by discounting expected future cash flow by rate of return and related risks.
- c) Investments in debt securities are presented at fair values based on prices determined using the yield curve as quoted by the Thai Bond Market Association.

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) |
|---|----------------------|
| | 2566 |
| Balance as of the beginning | 80 |
| Loss recognised into other comprehensive income | (10) |
| Balance as of the ending | 70 |

During the current year, there were no transfers within fair value hierarchy.

39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 16 February 2024.