

Management Discussion and Analysis

For the second quarter and first-half of the year ended August 31, 2025

AEON Thana Sinsap (Thailand) Public Company Limited ("the Company") has submitted the consolidated financial results ended August 31, 2025, which were audited by Deloitte Touche Tohmatsu Jaiyos Audit Company Limited. The operating performance is summarized as follows.

Overview

According to the National Economic and Social Development Council (NESDC), the Thai economy expanded by 2.8% in the second quarter, decreasing from 3.2% in the previous quarter. The main factor was the deceleration in export of goods and services, attributed to the front-loading of exports in the first quarter, and the slowdown of tourism, with the accommodation and food service sector growing only 2.1%, compared to 7.2% in the prior quarter, partly due to a decline in tourist.

Private consumption expanded by just 2.1%, down from 2.5% in the first quarter, as spending on services sector slows. Government consumption also grew by only 2.2%, a decline from 3.4% in the previous quarter, despite an acceleration in imports of goods and services.

For the first half of the year, GDP grew by 3.0%. While headline inflation fell to negative levels for the first time in five quarters at -0.3 percent, it began to reflect lower spending, while unemployment remained low at 0.91%. However, household debt stood at a high level of 87.4% of GDP, and uncertainties from global trade tension persist. Nevertheless, the easing of domestic political conditions could serve as a key supporting factor for Thailand's economic recovery going forward.

Financial Highlights	2Q25	2Q24	%Y-Y
(Unit: Million Baht)	Aug 31	Aug 31	
Financial Performance			
Total Revenues	5,474	5,714	(4%)
Total Expenses	4,471	4,676	(4%)
Net Profit Attributable to the Owner of Parent	792	822	(4%)
Asset Quality	2025	2025	%YTD
Accounts Receivable	Aug 31	Feb 28	
NPL	5.2%	5.2%	-
Allowance to Accounts Receivable	8.7%	8.0%	-
Highlights Ratios	2025	2025	%YTD
D/E (Times)	Aug 31	Feb 28	
BVPS (Baht)	106.3	104.20	-
ROE	11.9%	11.3%	-
ROA	3.3%	3.1%	-

Milestones & Developments in 2Q25 (June 1 - August 31, 2025)

- On May 16, 2025, the Company notified the Stock Exchange of Thailand regarding its treasury stock program with a maximum budget of THB 390 million, representing up to approximately 1% of the total paid-up shares (equivalent to 2.5 million shares). The repurchase program is scheduled to run from May 22 to November 21, 2025. As of the end of the second quarter of fiscal year 2025, the Company had repurchased a total of 1,341,300 shares, or 0.54% of total shares repurchased as % of paid-up shares.

Summary of Consolidated Financial Results

1. Profit and Loss

Profit and Loss Statement Unit : Million Baht	Quarterly					First-Half Year		
	2Q2025	2Q2024	%YoY	1Q2025	%QoQ	1H2025	1H2024	%YoY
Credit card income	1,710	1,920	(11%)	1,706	0.2%	3,415	3,818	(11%)
Loan income	2,371	2,453	(3%)	2,385	(1%)	4,756	4,928	(3%)
Hire-purchase income	362	311	16%	371	(2%)	733	594	23%
Other income	1,031	1,030	0.1%	931	11%	1,962	1,881	4%
Total Revenues	5,474	5,714	(4%)	5,393	1%	10,867	11,221	(3%)
Operating and admin. expenses	2,024	2,132	(5%)	2,073	(2%)	4,098	4,319	(5%)
Expected credit loss	1,908	1,986	(4%)	1,766	8%	3,674	4,075	(10%)
Finance costs	538	558	(4%)	537	0.2%	1,074	1,116	(4%)
Other expenses	0.6	(0.3)	335%	5	(87%)	5	1	287%
Total Expenses	4,471	4,676	(4%)	4,381	2%	8,851	9,511	(7%)
Profit before tax income	1,003	1,039	(3%)	1,012	(1%)	2,015	1,710	18%
Income tax expenses	218	207	5%	204	7%	422	340	24%
Net profit Attribute to Owner of the Parent	792	822	(4%)	772	3%	1,563	1,346	16%
Earnings Per Share (Baht per share)	3.17	3.29	(4%)	3.09	3%	6.26	5.39	16%

Revenues

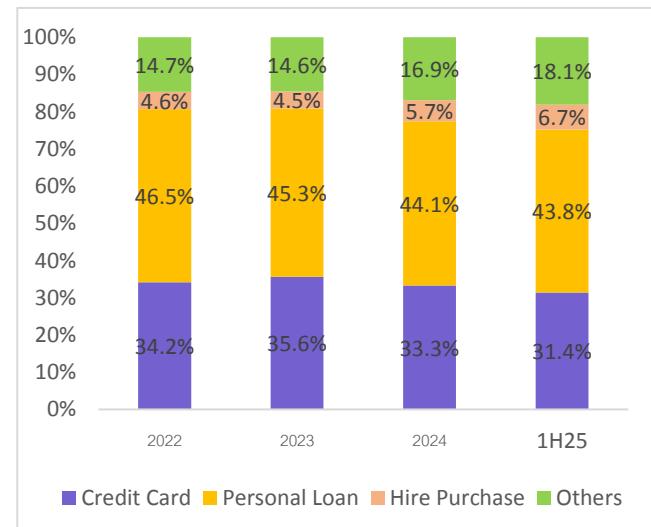
In the second quarter of fiscal year 2025, the Company recorded total revenue of 5,474 million baht, representing an increase of 1% from the previous quarter and decrease 4% from the same period last year.

For the first half of the fiscal year, total revenue amounted to 10,867 million baht, down 3% compared to the corresponding period of the prior year.

The decline in total revenue was mainly driven by lower income from credit card and personal loan businesses. Meanwhile, increasing in hire-purchase income supported by enhancements in the payment process and the expansion of partnerships with business partners.

Other income, primarily comprising bad debt recovery, continued to grow. In this quarter, the Company had a gain from sale of written-off account receivable amount 102 million baht, reduced 41% from the sales in the same quarter last year. The Company also focuses on increasing the proportion of other income to strengthen its financial stability on a sustainable basis.

Revenue Structure



Credit Card

In the second quarter of 2025, the Company generated credit card revenue of 1,710 million baht, representing a decrease of 11% from the same quarter in the previous year and an increase of 0.2% from last quarter. The decline in credit card revenue was mainly attributable to the slowdown in personal consumption, particularly in the service category. At the same time, outstanding credit card balances decreased following the increase in the minimum payment rate from 5% to 8%, as well as the implementation of debt restructuring measures that converted revolving credit card debt into long-term installment loans to ease the debt burden and enhance customer liquidity. Nevertheless, in this quarter, the Company has adjusted its credit card privilege management strategy to increase marketing spending efficiency and focus on building long-term revenue sustainability. The credit card revenue accounted for 31.4% of total revenues.

Personal Loan

In the second quarter of 2025, the Company reported personal loan income of 2,371 million baht, a decrease of 3% from the same quarter in the previous year, a slight decrease of 0.6 percent from the previous quarter, reflecting the slowdown in loan portfolio expansion, particularly in unsecured products which were affected by more cautious customer borrowing behavior amid high household debt. Nevertheless, the Company continued its gradual “wake-up customer” program to reactivate previously inactive buy quality borrowers with competitive interest rate, helping to sustain portfolio growth and ensure interest income remains in line with the Company’s strategy of maintaining a steady revenue-generating customer base. At the same time, the Company closely monitored macroeconomic policies and government consumption stimulus measures to prepare its loan growth strategy for the second half of the year, should household income show further recovery. Personal loan income accounted for 43.8% of total revenues.

Hire Purchase

The Company recorded high purchase revenue of 362 million baht in the second quarter of fiscal year 2025, representing an increase of 16% from the second quarter of the previous year. This resulted from the growth of the used-car hire purchase portfolio as the main contributor, supported by the expansion of dealer networks in both used-car and motorcycle segments, along with improving the loan approval process to be faster, resulting in continuous growth in loan disbursement in this group. Hire purchase income accounts for 6.7% of total revenues. However, hire-purchase loans will come under the supervision of the Bank of Thailand to ensure fair market conduct in providing services to customers, which will take effect in December 2025.

Others

In the second quarter of 2025, the Company recorded other incomes of 1,031 million baht, consisting of bad debt recovery income of 589 million baht, increased 10% from the same period of last year, and accounts for 11% percent of total income, which reflecting the effectiveness of debt collection, legal enforcement, and participation in the debt mediation programs organized continuously by the Legal Execution Department. In addition, the Company generated insurance brokerage income of 168 million baht, decreased 1% year-on-year. Other incomes are accounting for 19% of total revenues. In addition, there was income from the gain on sale of written-off in this quarter 102 million baht, reduced 41% from the sales in the same quarter last year.

Expenses

The Company's expenses mainly consist of operating and administrative expenses, expected credit loss, and finance cost. In the second quarter of 2025, the Company had total consolidated expenses of 4,471 million baht. Details of expenses are as follows:

Operating and Administrative Expenses

The consolidated operating and administrative expense which includes director and management remuneration expense in the second quarter of 2025 were 2,024 million baht, reducing 5% year-on-year, from the reduction of marketing and administration expenses to support marketing expenses for sales promotion that may increase in the second half of the year when the economic situation is more suitable. The Cost-to-Income Ratio of the quarter period reduced to 36.8% in the consolidated financial statement and 35.9% in the separate financial statements.

Expected Credit Loss (ECL)

In the second quarter of 2025, the Company reported ECL expenses of 1,908 million baht, a decrease of 4% from the same period last year, reflecting improved asset quality and the effectiveness of enhanced collection measures. However, ECL expenses rose slightly by 8% compared to the previous quarter, due to additional management overlay to address economic volatility and potential future uncertainties, together with close monitoring of asset quality in segments sensitive to customer income, such as the tourism sector which has shown signs of slowdown. These factors reflect the Company's prudent approach to credit risk management. However, the Company continues to implement debt restructuring measures for persistent debtors and participates in the Bank of Thailand's "You Fight, We Help" program, to maintain asset quality at an appropriate level.

Finance Cost

The Company recorded consolidated finance cost in the second quarter of 2025 of 538 million baht, which decreased by 4% year on year as new lending decreased in line with the slowing economy. However, the Company has appropriate capital management to optimize the efficiency of funding cost, along with liquidity management. The average funding cost for the second quarter was 3.18%, slightly increased from previous quarter at 3.15% since the funding cost of loan roll over is higher than 3 years ago.

Net Profit

In the second quarter of 2025, August 31, 2025, financial results, the consolidated profit attributable to the owners of the parent was reported at 792 million baht, and earning per share was 3.17 baht, decreased by 4% from the same quarter of last year. For the first half year, the consolidated profit attributable to the owners of the parent was reported at 1,563 million baht, and earning per share was 6.26 baht, increased by 16% from the same quarter of last year.

The consolidated profit attributable to the owners of the parent consisted of the domestic subsidiaries and overseas subsidiaries net profits totaled 97.8 million baht, representing 6% of consolidated financial statements.

2. Balance Sheet

Statement of Financial Position	August 31, 2025	February 28, 2025	Change
			%YTD
Unit : Million Baht			
Accounts Receivable	88,279	88,948	(0.8%)
Total Assets	91,021	91,464	(0.5%)
Total Borrowing	56,569	58,921	(4%)
Total Liabilities	63,527	64,410	(1%)
Equity Attributable to Owners of the Parent	26,512	26,051	2%
ROE (attributable to owners of the parent)	11.9%	11.3%	-
ROA	3.3%	3.1%	-
D/E Ratio	2.3 times	2.4 times	-

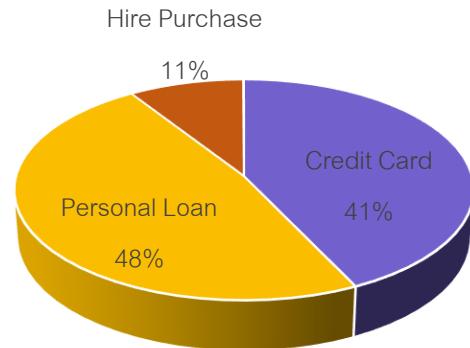
Total Assets

As of August 31, 2025, the consolidated total assets were 91,021 million baht, slightly decreased from total assets as of February 28, 2025. The main assets were attributed to the portfolio of net accounts receivable which shared 89% of total assets.

Accounts Receivable

The Company had accounts receivable of 88,279 million baht as of August 31, 2025, slightly decreased from the end of last year as of February 28, 2025. The Company reported credit card receivables of 36,215 million baht, a 3% decreased from the previous fiscal year-end. Personal loan receivables amounted to 42,037 million baht, contracted slightly from the end of the previous fiscal year by 1% from year-end, consistent with the trend of contraction of both credit card and personal loan in the industry. Meanwhile, hire purchase receivables stood at 9,968 million baht, an increase of 10% from end of last fiscal year, reflecting continued growth driven by expanded partnerships with dealers and improvements in the hire purchase lending process to enhance efficiency.

Accounts Receivable Segmentation



Allowance for expected credit loss

As of August 31, 2025, the Company's allowance for expected credit losses amounted to 7,642 million baht, a decrease of 9% from the same period last year, reflecting improved asset quality. However, the allowance increased slightly by 5% from the previous quarter, as a prudent measure to address potential economic volatility arising from US Tariff policies and the appreciation of the Thai Baht, which have affected exports and tourism activities. Stage 2 loans accounted for 2.8% of the total loan portfolio, and the non-performing loan (NPL) ratio stood at 5.2%, both continuing to decline following enhancements to the credit scoring model and the adoption of AI Talkbot automation to strengthen collection efficiency. The coverage ratio was 167%, and the allowance to total account receivable ratio was 8.7%, reflecting adequate provisioning.

Liabilities

The consolidated liabilities of the Company as of August 31, 2025, totaled 63,527 million baht, decreased by 1% from end of last fiscal year. There was interest-bearing debt totaling 56,569 million baht, decreased by 4% from the end of last fiscal year. The portion of long-term interest-bearing debt was 36,411 million baht or represented 64% of total borrowings. However, to manage risk that might occur from the fluctuation in foreign currencies, the Company has entered cross-currency interest rate swap contracts to fully hedge its debt.

Debentures, Solvency and Liquidity Management

As of August 31, 2025, the Company has outstanding long-term debentures, representing unsubordinated and unsecured debentures, amount 5,479 million baht, including those with maturity due within 1 year amounting to 3,926 million baht, reduced from 5,770 million baht from as of February 28, 2025, with the interest rate ranged between 0.65%-3.18% (details can be referred to the Financial Statement's notes). However, the Company can maintain financial ratios and other requirements according to the conditions specified in the agreement.

In addition, the Company has unused credit facilities of 12,650 million baht and committed credit facilities of 3,000 million baht with various financial institutions and cash equivalent 3,841 million baht, which is sufficient for the Company's operation and debt payment. The DSCR ratio stood at 0.36 times.

Credit Ratings

The Company has received credit ratings and have reviewed annually by accredited credit rating agencies such as Fitch Rating and Japan Credit Rating Agency. For ESG, the Company has been recognized by MSCI ESG Rating per followings.

Credit Rating Agency	Credit Ratings
Fitch Ratings	A-/Stable
Japan Credit Rating Agency	A/Stable
MSCI ESG Rating	A

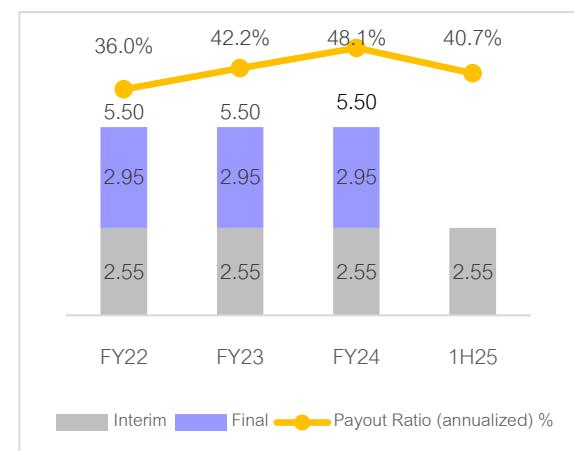
Shareholders' Equity

As of August 31, 2025, total equity attributable to owners of the parent amounted to 26,512 million baht, increased 2% from as of February 28, 2025, Book value (attributable to the owners of the parent) as of August 31, 2025, was 106.3 baht per share, increased from 104.20 baht per share as of February 28, 2025.

Dividend Payment

The Board of Directors authorized to approve the interim dividend payment of 2.55 Baht per Share, resulting in the payout ratio of 40.7%. The Record Date (RD) is on October 22, 2025, and the payment date is on November 6, 2025.

Dividends



Key Financial Ratios

Key Financial Ratio	1H2025	FY2024	FY2023
Book Value per Share (attributable to owners of the parent) (Baht)	106.3	104.20	97.89
EPS (Baht)	6.26	11.44	13.04
EBIT margin (%)	28.4%	27.6%	28.8%
D/E (times)	2.3	2.4	2.7
DSCR (times)	0.36	0.27	0.33
ROA (%)	3.3%	3.1%	3.5%
ROE (%)	11.9%	11.3%	13.8%
Allowance for doubtful account to total receivables (%)	8.7%	8.0%	9.1%
Coverage Ratio (%)	167%	154%	183%
NPL (%)	5.2%	5.2%	5.0%
Stage 2 Ratio	2.8%	2.7%	3.3%

3. Sustainability Development

The AFS Group recognizes the importance of driving business growth in parallel with sustainable social development. AFS Group prioritise participation in environmental conservation initiatives and activities that enhance societal well-being. Furthermore, to elevate the Group's position as an integral part of the infrastructure that plays a vital role in society, both in Japan and internationally, we are committed to integrating economic and social value through sustainability-focused management.

AEON Thana Sinsap (Thailand) Public Company Limited, a local subsidiary of AEON Financial Service Co., Ltd., aligns its sustainability practices with the overarching principles of the AFS Group. The Company has appointed both a dedicated sustainability working group and a formal sustainability committee.

The Company operates the business with awareness of environmental, social and governance and bring the Sustainable Development Goals; SDGs as the part of organization driven continuously to respond client and all stakeholders needs and to consecutively operate the business under the challenging situation. Moreover, the Company has been upgraded to rating A in ESG by MSCI ESG Rating.

Environmental The Company places a significant emphasis on cultivating a sustainable relationship between society and the environment through the implementation of an Environmental Management System (ISO14001) across the entire organization. The Company has joined as a member in Greenhouse Gas Reduction workforce in AEON Financial Services Group, Japan, in which established goals and, short-term and long-term action plans to reduce greenhouse gas emissions to Zero CO2 Society, with the goal to reduce GHG emission by 30% within the year 2034.

The Company has implemented environmental development through strategic plans. Digitalization Roadmap since 2017 and implementation of resource management in business operations, which are;

1. Reducing the use of paper and plastic;
2. Waste management; and
3. Management of electrical energy, water, and fuel energy.

In addition, the Company has successfully completed the verification of its 2024 greenhouse gas emissions by an external verifier, reaffirming its strong commitment to environmental management.

Social

The Company conducts business in accordance to human rights principles, based on its philosophy which places importance to peace, human beings and society, which aims to conduct business with responsibility to both customers; via the development of financial products and services regularly to enhance the financial service accessibility and the use of financial services with safety and fairness, and employees; via our Human Resources Management policy to treat employees equally through recruiting, providing a safe working environment and good occupational healthy environment, performance appraisal, employee development, layoffs, and retirement processes.

In addition, the Company also supports various social projects through AEON Thailand Foundation with the following objectives:

1. Promote and support forest conservation;
2. Promote education, including granting scholarships and/or donations to students and/or schools;
3. Develop Thai society and promote and support general public interest;
4. Conduct or cooperate with other charitable organizations for public benefit; and
5. Do not engage in any political activities.

Governance

The Company is aware of the industry risks, therefore, we place importance to technology development and management as well as financial innovations in response to customer's needs by focusing on providing personal loan services responsibly and customer satisfaction. In addition, the Company develops corporate governance and risk management continuously to maintain credibility and trust of all stakeholders. Besides operating under the supervision of the SEC/SET, Bank of Thailand, related laws and regulations, the Company also complies ISO world-class standards to control various operational processes and using international standard such as COSO, J-SOX and ISO31000 as risk management framework and reporting standard to ensure that the Company conducts business with transparency and fairness for stakeholders' confidence. Moreover, the Company received the "Very Good" rating in CGR assessment by Thailand's IOD.

Details of governance performance results in detail can be viewed in the Sustainability Report and 56-1 One Report, Section 2, Corporate Governance and environmental, social and economic performance in detail can be viewed in the Sustainability Report and Report 56-1 One Report, topic: Driving Business for Sustainability.