

9 December 2022

No. SGC026/2565

 To The President
The Stock Exchange of Thailand

Subject Management Discussion and Analysis for the year ended 31 December 2021

We, SG Capital Public Company Limited ("the company"), are pleased to provide you our management discussion and analysis for the year ended 31 December 2021, as follows:

Statement of income Unit: Million Baht	2021	2020	Increase (Decrease)	
Income				
Interest income from hire-purchase contracts and loans	1,736	1,298	438	34%
Other income	46	65	(19)	(30%)
Total income	1,782	1,363	419	31%
Expenses				
Service and administrative expenses	500	470	30	6%
Total expenses	500	470	30	6%
Profit from operating activities	1,282	893	389	44%
Finance costs	(353)	(194)	159	82%
Expected credit loss	(203)	(191)	12	6%
Profit before income tax expense	726	508	218	43%
Tax expense	(133)	(91)	42	46%
Profit for the period	593	417	176	42%

Total Income

Total income consists of interest income, including (1) Home & Commercial Appliances hire purchase (2) Car for Cash loans (hire-purchase and loans with vehicle registration as collateral) and (3) Interest income from other loan receivables (Debt Consolidation loan and Click2Gold loan, and others). And Other income from fee and commission revenues.

For the year 2021, the company's total income was Baht 1,782 million, an increase of Baht 419 million or 31% from the last year. This was mainly due to an increase of interest income from hire-purchase contracts and loans.

Interest income from hire-purchase contracts and loans

For the year 2021, the company interest income from hire-purchase contracts and loans were Baht 1,736 million, an increase of Baht 438 million or 34% from the last year. The details are classified according to the loan portfolio as follows:

- **Interest Revenue from Hire Purchase**

For the year 2021, the company's interest income from the hire purchase was Baht 1,057 million, an increase of Baht 117 million or 12% from the last year due to the growth of the hire purchase portfolio.

- **Interest Revenue from Car for Cash**

For the year 2021, the company's interest income from Car for Cash was Baht 660 million, an increase of Baht 308 million or 87% from the last year. In this regard, the continued growth of interest income from Car for Cash was mainly due to the significant amount of loans extended during the period. The company just started this business in recent years and this loan portfolio still has plenty of room to grow.

- **Interest income from other loan receivables**

Interest income from other loan receivables includes (1) Debt Consolidation loan (2) Click2Gold loan, and others.

For the year 2021, the company's interest income from other loan receivables was Baht 19 million, an increase of Baht 13 million or 239% from the last year. This continuous growth was from the product line expansion to be more diversified with low risk. This can increase the potential for diversification of the overall loan portfolio.

Service and administrative expenses

For the year 2021, the company's service and administrative expenses were Baht 500 million, an increase of Baht 30 million or 6% from the last year. This was mainly due to an increase in employee benefit expenses, travelling expenses, and other taxes, in line with the continued expansion of the loan portfolio.

Finance costs

For the year 2021, the company's finance costs were Baht 353 million, an increase of Baht 159 million or 82% from the last year due to the growth of the Car for Cash.

Such financial costs continuously arose as the company obtained loans from Singer Thailand Plc. (SINGER) through the issuance and offering of debentures for loan portfolio expansion.

Expected credit loss

For the year 2021, the company's expected credit loss was Baht 203 million, an increase of Baht 12 million or 6% from the last year from the expansion of the loan portfolio.

Net Profit

For the year 2021, the company's net profit was Baht 593 million, an increase of Baht 176 million or 42% from the last year. This was mainly from interest income due to the continuous expansion of the loan portfolio.

Statements of Financial Position

Statements of Financial Position Unit: Million Baht	30 Dec 2021	31 Dec 2020	Increase (Decrease)	
Assets				
Current portion of hire-purchase contract receivables	3,076	1,788	1,288	72%
Current portion of loan receivables	1,225	651	574	88%
Other current assets	646	447	199	45%
Total current assets	4,947	2,886	2,061	71%
Hire-purchase contract receivables	2,076	1,558	518	33%
Loan receivables	4,278	2,410	1,868	78%
Other non-current assets	129	149	(20)	(14%)
Total non-current assets	6,483	4,117	2,366	57%
Total assets	11,430	7,003	4,428	63%
Liabilities and equity				
Liabilities				
Short-term loans from the parent company	-	4,772	(4,772)	(100%)
Current portion of long-term loan from financial institution	10	-	10	100%
Other Current liabilities	1,500	1,382	118	9%
Total current liabilities	1,510	6,155	(4,645)	(75%)
Long-term loans from parent company	7,463	-	7,463	100%
Long-term loan from financial institution	14	-	14	100%
Other non-current liabilities	29	28	1	4%
Total non-current liabilities	7,506	28	7,479	26,760%
Total liabilities	9,016	6,183	2,834	46%
Equity	2,414	820	1,594	194%
Total liabilities and equity	11,430	7,003	4,428	63%

Assets

As of 31 December 2021, and 31 December 2020, the company had total assets of Baht 11,430 million and Baht 7,003 million, respectively, comprising mainly of hire purchase receivables 93% and car for cash receivables 91%.

As of 31 December 2021, total assets increased by Baht 4,428 million, or 63% from 31 December 2020 mainly from an increase in the car for cash loan receivables of Baht 2,583 million or 76% and an increase of Baht 1,571 million or 54% in hire-purchase receivables.

Liabilities

As of 31 December 2021, and 31 December 2020, the company had total liabilities of Baht 9,016 million and Baht 6,183 million, respectively, which comprised mainly loans from the parent company.

As of 31 December 2021, total liabilities increased by Baht 2,834 million or 46% from 31 December 2020. This was mainly from loans from the parent company as a source of funds to support the continued expansion of loan portfolios.

Shareholder Equity

As of 31 December 2021, and 31 December 2020, the company had shareholder's equity of Baht 2,414 million and Baht 820 million, respectively, an increase of Baht 1,594 million or 194% from 31 December 2020, mainly due to an increase in the issued and paid-up capital of Baht 1,000 million and net profit for the year 2021 of Baht 593 million.

Please be informed accordingly,

Yours sincerely,

SG Capital Public Company Limited

(Ms. Busaba Kunsiritham)

Chief Executive Officer