

13 February 2023

No. SGC007/2566

 To The President  
The Stock Exchange of Thailand

Subject Management Discussion and Analysis for the year ended 31 December 2022

We, SG Capital Public Company Limited ("the company"), are pleased to provide you our management discussion and analysis for the year ended 31 December 2022, as follows:

Statement of income Unit: Million Baht	2022	2021	Increase (Decrease)	
<b>Income</b>				
Interest income from hire-purchase contracts and loans	2,399	1,736	663	38%
Other income	40	46	(6)	(14%)
<b>Total income</b>	<b>2,439</b>	<b>1,782</b>	<b>657</b>	<b>37%</b>
<b>Expenses</b>				
Service and administrative expenses	642	492	150	31%
<b>Total expenses</b>	<b>642</b>	<b>492</b>	<b>150</b>	<b>31%</b>
<b>Profit from operating activities</b>	<b>1,797</b>	<b>1,290</b>	<b>507</b>	<b>39%</b>
Finance costs	(600)	(353)	247	70%
Expected credit loss	(395)	(211)	184	87%
<b>Profit before income tax expense</b>	<b>802</b>	<b>726</b>	<b>76</b>	<b>11%</b>
Tax expenses	(135)	(133)	2	2%
<b>Profit for the year</b>	<b>667</b>	<b>593</b>	<b>74</b>	<b>13%</b>

## 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 2022, the company's total income was Baht 2,439 million, an increase of Baht 657 million or 37% 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 2022, the company interest income from hire-purchase contracts and loans were Baht 2,399 million, an increase of Baht 663 million or 38% from the last year. The details are classified according to the loan portfolio as follows:

- **Interest Revenue from Hire Purchase**

For the year 2022, the company's interest income from the hire purchase was Baht 1,297 million, an increase of Baht 240 million or 23% from the last year. This was mainly due to increasing interest revenue from home & commercial appliances as the company could expand this market via both SINGER and JMB channels.

- **Interest Revenue from Car for Cash**

For the year 2022, the company's interest income from Car for Cash was Baht 1,067 million, an increase of Baht 407 million or 62% 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 2022, the company's interest income from other loan receivables was Baht 35 million, an increase of Baht 16 million or 84% 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 2022, the company's service and administrative expenses were Baht 642 million, an increase of Baht 150 million or 31% 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 2022, the company's finance costs were Baht 600 million, an increase of Baht 247 million or 70% 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 2022, the company's expected credit loss was Baht 395 million, an increase of Baht 184 million or 87% from the last year from the expansion of the loan portfolio.

## Net Profit

For the year 2022, the company's net profit was Baht 667 million, an increase of Baht 74 million or 13% 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	31 Dec 2022	31 Dec 2021	Increase (Decrease)	
<b>Assets</b>				
Cash and cash equivalents	3,106	391	2,715	694%
Current portion of hire-purchase contract receivables	3,439	3,076	363	12%
Current portion of loan receivables	2,006	1,225	781	64%
Other current assets	118	255	(136)	(54%)
<b>Total current assets</b>	<b>8,669</b>	<b>4,947</b>	<b>3,722</b>	<b>75%</b>
Hire-purchase contract receivables	1,918	2,076	(158)	(8%)
Loan receivables	7,030	4,278	2,752	64%
Other non-current assets	166	129	36	28%
<b>Total non-current assets</b>	<b>9,114</b>	<b>6,483</b>	<b>2,631</b>	<b>41%</b>
<b>Total assets</b>	<b>17,783</b>	<b>11,430</b>	<b>6,353</b>	<b>56%</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Loan from financial institution	65	10	55	556%
Other Current liabilities	752	1,500	(748)	(50%)
<b>Total current liabilities</b>	<b>817</b>	<b>1,510</b>	<b>(693)</b>	<b>(46%)</b>
Long-term loans from parent company	11,173	7,463	3,710	50%
Long-term loan from financial institution	4	14	(10)	(73%)
Other non-current liabilities	38	29	9	31%
<b>Total non-current liabilities</b>	<b>11,215</b>	<b>7,506</b>	<b>3,708</b>	<b>49%</b>
<b>Total liabilities</b>	<b>12,032</b>	<b>9,016</b>	<b>3,016</b>	<b>33%</b>
<b>Equity</b>	<b>5,751</b>	<b>2,414</b>	<b>3,337</b>	<b>138%</b>
<b>Total liabilities and equity</b>	<b>17,783</b>	<b>11,430</b>	<b>6,353</b>	<b>56%</b>

## Assets

As of 31 December 2022, and 31 December 2021, the company had total assets of Baht 17,783 million and Baht 11,430 million, respectively, comprising mainly of hire purchase receivables and car for cash receivables 81% and 93%, respectively.

As of 31 December 2022, total assets increased by Baht 6,353 million, or 56% from 31 December 2021 mainly from (1) an increase in the car for cash loan receivables of Baht 3,533 million or 64% and an increase of Baht 205 million or 4% in hire-purchase receivables (2) an increase in cash and cash equivalents remaining from the proceeds of initial public offering of Baht 2,700 million.

### Liabilities

As of 31 December 2022, and 31 December 2021, the company had total liabilities of Baht 12,032 million and Baht 9,016 million, respectively, which comprised mainly loans from the parent company.

As of 31 December 2022, total liabilities increased by Baht 3,016 million or 33% from 31 December 2021. 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 2022, and 31 December 2021, the company had shareholder's equity of Baht 5,751 million and Baht 2,414 million, respectively, an increase of Baht 3,337 million or 138% from 31 December 2021, mainly derived from (1) issued and paid-up capital of Baht 820 million (2) share premium relating to the initial public offering of Baht 2,292 million (3) net profit for the year 2022 of Baht 667 million and (4) dividend payment of Baht 441 million to shareholders.

Please be informed accordingly,

Yours sincerely,

SG Capital Public Company Limited

(Ms. Busaba Kunsiritham)

Chief Executive Officer