

12 May 2023

Subject: Management Discussion & Analysis for the first quarter of Y2023 of Sabuy Connnext Tech Public Company Limited Group

To: President  
The Stock Exchange of Thailand

For the 1st quarter of Y2023, Sabuy Connnext Tech Public Company Limited (the "Company") "SBNEXT" and subsidiaries ("Group") had a net profit of Baht 14.36 Million which decreased from the same quarter of the previous year 1/2022 equal to 6.03 million baht or 29.58% with total income of 421.53 million baht, an increase from the quarter 1/2022 equal to 90.29 million baht or an increase of 27.26% with revenue Higher consolidation but slightly lower profit as a result of the restructuring of sales Expansion of new sales channels and increasing sales partners which may change the proportion of profit from sales At the same time, the company also invests in expenses for business expansion, such as investments in technology used to support and promote sales. Customer care and follow-up in order to reach more groups of old and new customers Including hiring more talented employees and executives. This is in preparation for achieving the company's revenue goal set this year at 4,000 million baht.

**During the 1st quarter of Y2023, the major highlights were:-**

- The company's name has been changed from Thiensurat Public Company Limited ("TSR") to Sabuy Connnext Tech Public Company Limited. ("SBNEXT")
- Capital increase in Thiensurat Leasing Co., Ltd. ("TSRL") from 100 million baht to 300 million baht to support the expansion of lending business,
- The company has invested in Smart Connect Tech Co., Ltd., a platform development service provider. for supporting the management of the anti-theft alarm system automatic entry-exit system CCTV system Security products and IoT (Internet of Things) devices that focus on the management of offices, factories, residences, corporate customers such as industrial estates. housing developers as well as related retail customers
- Despite being pressured by the global economic slowdown, the Group continued its strong performance in the 1st quarter, mainly due to the efficient sales agent and sales channel foundation, as well as the use of the SABUY Ecosystem, which enabled to reach a wider target users/customers and cross-selling opportunities between the companies in the group that have access to the group goals thoroughly.

- The Group set the sales channels into four business groups as follows:
  - Direct Sales Group - Continue to recruit and build up efficient direct sales teams and covers all areas of the country.
  - Tele Sales & O2O sales group - Modernize existing sales channels and develop new sales channels with more focus on CRM
  - Corporate and SME - to develop new products in pipeline for OEM, Corporates, SMEs and Households. Including expanding the business to the international market (IBP) in response to the increasing economic growth. by offering products suitable for each country.
  - Retail Business - that sells products through representatives of large retail groups (Modern Trade) and dealers located in various areas (Traditional Trade) by recruiting a group of well-known dealers and covers all areas of the country
- Expanding of Thiensurat Leasing Co., Ltd. (“TSRL”) financing business, i.e. Floor plan, hire purchase of cars trucks and electric motorbike loans, as well as along with developing an IT program system to support credit transactions systematically. It also extends truck loans. machinery hire purchase loan and products for SMEs. The factoring business was also tested, resulting in a significant expansion in the total amount of credit receivables.
- The Group has utilized the knowledge and experience in managing non-performing loans (NPL) of SABUY, which expertise in operating business of selling top-up machines and vending machines for a long time and has expertise in managing, repairing and refurbishing the products. This has been effectively applied in managing the NPL of the Group
- Explore the opportunities to create business alliances and synergy to increase the growth of the Group business, from a strong capital base and low debt cost structure, including the issuance of warrants and debentures, which will effectively support business expansion plans in 2023.

## Financial Performance Overview for the 1st quarter of Y2023

### Statement of comprehensive income

#### Revenue

Total revenue of the Group for the first quarter of 2023 as at 31 March 2023 amounting to Baht 421.53 Million, increased than the same quarter in Y2022 that was equal to Baht 90.29 million by 27.26%, and compared to the 4th quarter of Y2022, it was increased by Baht 18.23 Million or decreased by 4.52%. The details of the income proportion are as follows.

1. Sales of goods for the 1st quarter of 2023 was 362.86 million baht, an increase of 93.99 million baht from the same period last year, representing 34.96% and compared to the previous quarter, Sales of goods increased by 10.71 million baht. Representing 3.04% as a result of a significant increase in sales in the electrical appliances group
2. Hire-purchase interest income for the 1st quarter of 2023 was 40.89 million baht, a decrease of 9.91 million baht or 19.51 percent from the same period of the previous year. And compared to the previous quarter, interest income under hire-purchase contracts decreased by 0.46 million baht, or 1.12 %, as a result of the expansion of sales channels. and a change in sales structure which resulted in a slight decrease in hire-purchase income.
3. The revenue from accounts receivable loans in the 1st quarter of 2023 was Baht 7.09 million, an increase of 4.04 million baht compared to the same period last year. Compared to the previous quarter, the income from accounts receivable loans increased by 3.33 million baht, or 88.35%. Floor plan loan, electric motorcycle loan, machinery and SME and factory business expansion

#### Cost of sales

The Group for the 1st quarter of Y2023 was Baht 198.68 million, an increase of Baht 124.9 million. Compared to the same period last year, it increased by 169.32%, but compared to the previous quarter, the cost of sales will decrease Baht 4.60 million or decrease by 2.26%. The ratio of sales cost to sales revenue has decreased from 57.73% in the previous quarter to 54.75% in 1st quarter of Y2023 Due to changes in sales proportion of water purifiers

#### **Distribution costs**

Distribution costs of the Group for the 1st quarter of Y2023 were Baht 100.14 million, a decrease of Baht 11.96 million or 10.67% compared to previous quarter, the cost of distribution decreased by 0.30 million baht or decreased by 0.30%, with the ratio of distribution cost to revenue from sales at 27.60%, which decreased from the previous quarter. Previously equal to 28.52% The decreases were due to the efficient distribution cost control and the improvement of sales level and sale benefit structure be well managed and more efficient.

#### **Administrative expenses**

Administrative expenses of the Group for the 1st quarter of Y2023 were Baht 82.89 million, a increase of Baht 6.62 million or 8.68%. The percentage of Administrative expenses to Total revenue decreased from 23.03% in Year 2022 to 19.66% in the 1st quarter of Y2023. The increase was due to the cost of business expansion and the hiring of talent to meet the company's revenue targets. This year at the amount of 4,000 million baht.

#### **Impairment losses**

Impairment losses of the Group for the 1st quarter of Y2023 were Baht 17.17 million that were decreased by Baht 24.30 million or 58.60% compared to last year. A decrease was due to the effective management of returned water purifiers by sales and rental as well as lower booking of doubtful bad debt accounts caused by the aggressive improvement of credit review.

#### **Net Profit**

Net profit of the Group for the 1st quarter of Y2023 was Baht 14.36 million, decreased of Baht 6.03 million or 29.58% compared to last year (Year 2022, net profit of Baht 20.39 million). The net profit ratio of the 1st quarter of Y2023 was decreased from 6.15% in the 1st quarter of Y2022 to 3.41% resulting from the above-mentioned rationale.

#### **Statement of Financial Position**

##### **Total assets**

As at 31 March 2023, total assets of the Group were Baht 2,196.12 million, increased by Baht 468.98 million or 27.15% compared to 31 December 2022 caused by the growth of hire purchase and lending business and Increasing capital in a subsidiary that operates in lending business and joint ventures with partner and also cash and cash equivalent increased by Baht 15.02 million.

Meanwhile, due to loan expansion, the accounts receivable of Thiensurat Leasing Co., Ltd. continued to grow. Provide high-quality debtor loans for SME.

#### **Total liabilities**

As at 31 March 2023, total liabilities of the Group were Baht 851.47 million, an increase of 448.14 million baht or an increase of 111.11% from 31 December 2022. The increase in liabilities was mainly from bank overdrafts and short-term loans. from financial institutions and affiliates increased by 423.66 million baht

#### **Total borrowings from financial institutions**

Total borrowings from financial institutions, promissory notes of the Group as at 31 March 2023 were equal to Baht 495.00 million that was increased by Baht 292 million or 143.84% compared with the total borrowings as at 31 December 2022, in order to support the growth of hire purchase and the lending business of the Group.

#### **Shareholders' equity**

Shareholders' equity of the Group as at 31 March 2023 was Baht 1,344.65 million (31 December 2022: Baht 1,323.80 Million), increased by Baht 20.85 million or 1.57%. Debt to equity ratio as at 31 December 2022 was 0.63 (31 December 2022: 0.30). Book value per share was Baht 2.45 (31 December 2022: Baht 2.41 per share), which resulting from the net profit from Group's operation for the 1st quarter of Y2023.

Kindly be informed.

Yours truly,

Sabuy Connex Tech Public Company Limited

A handwritten signature in blue ink, appearing to read 'Waranon Kongpatimakorn'.

(Mr. Waranon Kongpatimakorn)

Chief Executive Officer