

12 May 2023

No. SGC030/2566
 To The President
 The Stock Exchange of Thailand

Subject Management Discussion and Analysis for the 1st quarter of 2023

We, SG Capital Public Company Limited (“the company”), are pleased to provide you our management discussion and analysis for the 1st quarter of 2023, as follows:

Statement of income Unit: Million Baht	Jan – Mar 2023	Jan – Mar 2022	Increase (Decrease)	
Income				
Interest income from hire-purchase contracts and loans	646	488	158	32%
Other income	12	7	5	71%
Total income	658	495	163	33%
Expenses				
Service and administrative expenses	176	152	24	16%
Total expenses	176	152	24	16%
Profit from operating activities	482	343	139	40%
Finance costs	(157)	(115)	42	37%
Expected credit loss	(781)	(40)	741	1,852%
(Loss) profit before income tax	(456)	188	(644)	(342%)
Tax income (expense)	88	(32)	120	375%
(Loss) profit for the period	(368)	156	(524)	(336%)

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 1st quarter 2023, the company’s total income was Baht 658 million, an increase of Baht 163 million or 33% from the same period of 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 1st quarter 2023, the company interest income from hire-purchase contracts and loans was Baht 646 million, an increase of Baht 158 million or 32% from the same period of the last year. The details are classified according to the loan portfolio as follows:

- **Interest income from Hire Purchase**

For the 1st quarter 2023, the company's interest income from the hire purchase was Baht 314 million, an increase of Baht 56 million or 22% from the same period of 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 income from Car for Cash**

For the 1st quarter 2023, the company's interest income from Car for Cash was Baht 324 million, an increase of Baht 100 million or 45% from the same period of the last year. In this regard, the continued growth of interest income from Car for Cash was mainly due to the ability to expand the market for Car for Cash customers.

- **Interest income from other loan receivables**

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

For the 1st quarter 2023, the company's interest income from other loan receivables was Baht 7 million, an increase of Baht 1 million or 17% from the same period of 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 1st quarter 2023, the company's service and administrative expenses were Baht 176 million, an increase of Baht 24 million or 16% from the same period of the last year. This was mainly due to an increase in employee benefit expenses, travel expenses, and other taxes, in line with the continued expansion of the loan portfolio.

Finance costs

For the 1st quarter 2023, the company's finance costs were Baht 157million, an increase of Baht 42 million or 37% from the same period of 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. for loan portfolio expansion.

Expected credit loss

For the 1st quarter 2023, the company's expected credit loss was Baht 781 million, an increase of Baht 741 million or 1,852% from the same period of the last year.

The main reason is the project of credit assistance measures for debts affected by Covid-19 gradually expired from this project.

Net Profit

For the 1st quarter 2023, the company's net loss was Baht 368 million, a decrease of Baht 524 million or 336% from the same period of the last year. This was mainly from the expected credit loss described above.

Statements of Financial Position

Statements of Financial Position Unit: Million Baht	31 Mar 2023	31 Dec 2022	Increase (Decrease)	
Assets				
Cash and cash equivalents	1,110	3,106	(1,996)	(64%)
Current portion of hire-purchase contract receivables	3,029	3,439	(410)	(12%)
Current portion of loan receivables	2,129	2,006	123	6%
Other current assets	239	118	121	102%
Total current assets	6,507	8,669	2,162	25%
Hire-purchase contract receivables	1,674	1,918	(244)	(12%)
Loan receivables	7,558	7,030	528	8%
Other non-current assets	293	166	127	77%
Total non-current assets	9,525	9,114	411	5%
Total assets	16,032	17,783	(1,751)	(10%)
Liabilities and equity				
Liabilities				
Loan from financial institution	-	65	(65)	(100%)
Other Current liabilities	535	752	(217)	(29%)
Total current liabilities	535	817	(282)	(35%)
Long-term loans from parent company	10,073	11,173	(1,100)	(10%)
Long-term loan from financial institution	-	4	(4)	(100%)
Other non-current liabilities	41	38	3	8%
Total non-current liabilities	10,114	11,215	(1,101)	(10%)
Total liabilities	10,649	12,032	(1,383)	(12%)
Equity	5,383	5,751	(368)	(6%)
Total liabilities and equity	16,032	17,783	(1,751)	(10%)

Assets

As of 31 March 2023, and 31 December 2022, the company had total assets of Baht 16,032 million and Baht 17,783 million, respectively, comprising mainly of hire purchase receivables and car for cash receivables 90% and 81%, respectively.



As of 31 March 2023, total assets decreased by Baht 1,751 million, or 10% from 31 December 2022 mainly from (1) repay loan from parent company and loan from financial institution of Baht 1,100 million and Baht 69 million, respectively, (2) use to support the continued expansion of loan portfolios.

Liabilities

As of 31 March 2023, and 31 December 2022, the company had total liabilities of Baht 10,649 million and Baht 12,032 million, respectively, which comprised mainly loans from the parent company.

As of 31 March 2023, total liabilities decreased by Baht 1,383 million or 12% from 31 December 2022. This was mainly from repayment loan from parent company and loan from financial institution of Baht 1,100 million and Baht 69 million, respectively and repay trade account payable increased by Baht 217 million.

Shareholder Equity

As of 31 March 2023, and 31 December 2022, the company had shareholder's equity of Baht 5,383 million and Baht 5,751 million, respectively, a decrease of Baht 368 million or 6% from net loss for the 1st quarter of Baht 368 million.

Please be informed accordingly,

Yours sincerely,

SG Capital Public Company Limited

(Mr. Anothai Sritiapetch)

Chief Executive Officer