

**H.T. SET/017/2023**

10 August 2023

**To: Managing Director
The Stock Exchange of Thailand****Re: Management Discussion & Analysis for the three-month period and six-month period ended 30 June 2023 of Singer Thailand Public Company Limited (the Company) and its subsidiaries (the Group Company)****Business Overview and Impact of the COVID situation**

Singer Thailand Public Company Limited (“the Company”) has sold products along with lending to customers. Most of the Company’s customer groups are mainly upcountry areas, which in the past have been affected by COVID situation. However, the Company has helped those groups of debtors who were affected by the COVID situation through assistance programs by reducing interest rates, extending the repayment period and debt suspension. However, after the COVID situation has relaxed, the measures of assistance program were slightly decline according to the accounting guideline no. 37/2564 dated 3 December 2021, “Guideline regarding the provision of financial assistance to the debtors affected by the Covid-19”. The accounting guideline is in line with the BoT Circular no. BoT. For Nor Sor. 2 Wor. 802/2564 dated 3 September 2021, “Guidelines regarding the provision of financial assistance to the debtors affected by the Covid-19. However, after the COVID situation has relaxed. Such assistance measures have been gradually reduced. This affects the increase in provision for non-performing debt of the company’s subsidiary, SG Capital Public Company Limited. In the second quarter 2/2023, the Company carefully considered setting the provision for non-performing debt to reflect the customer’s repayment potential in the most reasonable way. In addition, the Company is in the process of revising and adjusting the operation for credit lending process to be more concise in the future.

According to the Board of Directors’ Meeting of Singer Thailand Public Company Limited (“the Company”) No. 263/2023 held on 10 August 2023, the BOD has approved the reviewed consolidated financial statement and the performance of the company and its subsidiaries for 2nd quarter ended 30 June 2023. The results can be summarized as follow:

The Group Company would like to explain performance for the three-month period and six-month period ended 30 June 2023, comparing to the same of previous year as follow:

Statement of comprehensive income (Million Baht)	For the three-month period ended 30 June		Increase (decrease)		For the six-month period ended 30 June		Increase (decrease)	
	2023	2022	Amount	%	2023	2022	Amount	%
Revenues								
Revenue from sales of goods	212	899	(687)	(76.4)	414	1,594	(1,180)	(74.0)
Interest income from hire-purchase contract and loans	531	497	34	6.8	1,172	959	213	22.2
Other income	53	30	23	76.7	94	84	10	11.9
Total revenues	796	1,426	(630)	(44.2)	1,680	2,637	(957)	(36.3)
Expenses								
Cost of sales of goods	746	500	246	49.2	1,348	865	483	55.8
Cost of rendering of services	5	6	(1)	(16.7)	10	15	(5)	(33.3)
Distribution costs and Administrative expenses	468	458	10	2.2	822	858	(36)	(4.2)
Total expenses	1,219	964	255	26.5	2,180	1,738	442	25.4
Profit (Loss) from operating activities	(423)	462	(885)	(191.6)	(500)	899	(1,399)	(155.6)
Finance costs	98	125	(27)	(21.6)	198	248	(50)	(20.2)
Expected credit loss	2,886	(12)	2,898	(24,150.0)	3,838	43	3,795	8,825.6
Gains on measurement of current investments	1	5	4	80.0	(1)	(4)	3	(75.0)
Profit (Loss) before income tax expense	(3,408)	344	(3,760)	(1,093.0)	(4,535)	612	(5,147)	(841.0)
Tax expense	(531)	79	(610)	(772.2)	(722)	131	(853)	(651.1)
Profit (Loss) for the period	(2,877)	265	(3,142)	(1,185.7)	(3,813)	481	(4,294)	(892.7)
Profit (Loss) attributable to non-controlling interests	(481)	-	(481)	(100.0)	(574)	-	(574)	(100.0)
Profit (Loss) attributable to equity holders of the Company	(2,396)	265	(2,661)	(1,004.2)	(3,239)	481	(3,720)	(773.4)

For the three-month period ended 30 June 2023, the Group Company had net loss attributable to equity holders of the Company at Baht 2,396 million with lower profits at Baht 2,661 million compared with the same period of last year.

For the six-month period ended 30 June 2023, the Group Company had net loss attributable to equity holders of the Company at Baht 3,239 million with lower profits at Baht 3,270 million compared with the same period of last year.

Total revenue

For the three-month period and six-month period ended 30 June 2023, total revenue of the group company had decreased by Baht 630 million or 44.2% and by Baht 957 million or 36.3%, respectively. Details of revenue in the consolidated financial statements was as follows:

Revenue from sales of goods

For the three-month period and six-month period ended 30 June 2023, revenue from sales of goods of the group company decreased by Baht 687 million or 76.4% and at Baht 1,180 million or 74.0% respectively, from sales reduction in electrical appliance's product, decrease in number of franchise sales employee, and the subsidiary has changed its credit lending policy to be more stringent to control debt quality.

Cost of Sales of goods

For the three-month period and six-month period ended 30 June 2023, Cost of sales of goods increased by Baht 246 million or 49.2% and at Baht 483 million or 55.8% respectively,

In the six-month period ended 30 June 2023, the company has set aside an allowance for the declining value of inventories at Baht 947 million the management observed significant declining in selling price of second-hand inventories and stock obsolescence and damage. Accordingly, the management reassessed the estimated amount of net realisable value of inventories. As a result, the Group company had written down the declining in value of inventories in cost of sales of goods.

Interest income from hire-purchase contract and loans

For the three-month period and six-month period ended 30 June 2023, interest income from hire-purchase contract and loans of the Group Company increased at Baht 35 million or 6.8% and at Baht 213 million or 22.2% respectively, since an expansion of the loan's portfolio.

Other income

For the three-month period and six-month period ended 30 June 2023, other income of the Group Company increased at Baht 23 million or 76.7% and at Baht 10 million or 11.9% respectively, the main reason was because of the increase in insurance commission.

Distribution costs and Administrative expenses

For the three-month period and six-month period ended 30 June 2023, distribution costs and administrative expenses increased at Baht 10 million or 2.2% and decreased at Baht 36 million or 4.2%, respectively because distribution costs decreased at Baht 104 million for three-month period and at Baht 149 million for six-month period, which in line for sales reduction. However, administrative expenses increased by Baht 114 million for the three-month period and six-month period from the company had reserved for impairment in fixed assets at Baht 59 million and increased in other expenses. However, the group company's employee expenses decreased by Baht 10 million for the three-month period and at Baht 21 million for the six-month period compared with the previous period of last year.

Finance costs

For the three-month period and the six-month period ended 30 June 2023, finance costs decreased at Baht 27 million or 21.6% and at Baht 50 million or 20.2%, respectively, because the company had repayment the debentures in during the period.

Expected credit loss

For the three-month period and the six-month period ended 30 June 2023, expected credit loss of the Group Company increased of Baht 2,898 million and 3,795 respectively, because the subsidiary company had written off the debts of non-performing loans that the subsidiary company had tracked and assessed to be uncollectible, net accounts receivable of Baht 917 million. The subsidiary company also recorded additional provisions for expected credit losses adequately and appropriately as address to the risks anticipated from increasing in significant credit risk and deteriorating of credit quality. This was a result of the termination of assistance programs due to the impact of the COVID-19 pandemic. Moreover, the Company has considered setting aside provisions for trade and other receivables.

Statements of financial position

Statement of financial position (Million Baht)	30 Jun 2023	31 Dec 2022	Inc (Dec)	
			Amount	%
Assets				
Current assets	9,928	15,489	(5,561)	(35.9)
Non-current assets	10,324	10,405	(81)	(0.8)
Total assets	20,252	25,894	(5,642)	(21.8)
Liabilities and equity				
Liabilities				
Liabilities and equity	2,423	2,632	(208)	(7.9)
Non-current liabilities	3,889	4,954	(1,066)	(21.5)
Total liabilities	6,312	7,586	(1,274)	(16.8)
Equity attributable to owners of the parent	13,937	17,641	(3,704)	(21.0)
Non-controlling interests	3	667	(664)	(99.6)
Total equity	13,940	18,308	(4,368)	(23.9)
Total liabilities and equity	20,252	25,894	(5,642)	(21.8)

Assets

Total assets of the Group company changes decreased at Baht 5,642 million or 21.8% when compared with the year ended 2022, significant changes as follows:

- **Cash and cash equivalents**

The Group company had cash and cash equivalents in the amount at Baht 2,857 million, a decrease at Baht 1,782 million or 38.4% compared to the end of 2022. The Group company had expansion portfolio of loans, repurchase stock and repayment debenture.

- **Short-term investments in financial assets**

The Group company had short-term investments in financial assets in the amount at Baht 2,301 million which are scheduled to be redeemed for cash in August 2023. Therefore, when combining such funds with cash and cash equivalents, the Group company will have high financial liquidity. As of June 30, 2023, the Group company had short-term investments in financial assets decreased at Baht 496 million or 17.7% compared to the end of 2022, for support the expansion of loans portfolio and repayment debenture during the period and used as working capital.

- **Hire purchase contract receivables and loan receivables.**

Hire purchase contract receivables and loan receivables decreased at Baht 2,598 million compared with the year ended 2022. Hire-purchases of electronic and others decreased at Baht 3,206 million or 59.9% and loan receivables increased by Baht 608 million or 6.7% due to the subsidiary had write-off bad debts and sets up an additional payment overlay for allowance for expected credit losses as explained in the section on expected credit losses above.

- **Inventories**

Inventories decreased at Baht 917 million or 52.3%, compared with the year ended 2022, mainly because the company had delayed the ordering the goods in during the period. In addition, the Company had write down its inventories as explained in the topic of cost of goods sales above.

- **Property, plant, and equipment**

Property, plant, and equipment decreased at Baht 257 million or 30.2% compared with the year ended 2022, because the Company had transferred equipment of Baht 196 million into inventories as the management now intends to sell these assets as trading inventories.

Liabilities and equity

- Total liabilities decreased at Baht 1,274 million or 16.8%, compared with the year ended 2022. Those significant transactions decreased from trade payable of Baht 107 million because we delayed new purchase orders of goods from suppliers. Other payables decreased by Baht 111 million and debenture decreased at Baht 789 million due to repayment in during the period.

- Total equity of the Group Company decreased at Baht 4,368 million or 23.9%, compared with the year ended 2022. Those significant changes increased mainly due to the company's share repurchase program as reported to the Stock Exchange of Thailand earlier, the Company had repurchased shares in the amounting to Baht 279 million, The Group Company had a net loss in during the period and dividends were paid during the period.

Liquidity Analysis and Company Future Capital Adequacy

The Company has sufficient cash flow for business operations and loan repayment. In this regard, the company has reserved cash flow to pay off the debentures. As of June 30, 2023, the Group has cash and cash equivalents and investments in short-term financial assets. The total such balance was Baht 5,158 million.

Management's view on the future operations performance

As the company has considered setting aside a provision for non-performing debt arising from helping debtors affected by the COVID situation. And the recording of losses from the declining in the value of inventories that have been examined through various channels of the Company. These impacted the operating results in the second quarter, These the group company shall not set up more provision. In addition, the company has significantly reduced expenses in the sales expenses and administrative expenses as presented in the financial statements. These will be reduced operating expenses in the future. On the sales side, there was reduction. from more stringent lending control. The company has considered using various technologies. to be used to verify identity and collection in order to improve the quality of sales and collection which will be improved credit approval. The company has created the additional channels. and new target groups business model adjustments in retail channels and small and medium enterprises (SME) These will encourage sales to have a better trend in the future. This will be result in better profitability of the company as well.

Kindly be informed,

Yours truly,

Mr. Narathip Wirunechatapant
Chief Executive Officer
Singer Thailand Public Company Limited