



15th August 2023

Subject: Management's Discussion and Analysis
Financial Performance of the year 2023 (ending 30-Jun-2023)

To: President
The Stock Exchange of Thailand

SABUY Technology Public Company Limited ("the Company") and its subsidiaries ("the Group") would like to provide the Management Discussion and Analysis of quarter 2 of the year 2023 (ending 30-Jun-2023) as follows.

Significant Changes in the 6-Month Period of 2023

During the past 6 months of 2023, the Company has expanded its business and consistently forged continuous partnerships to comprehensively cover and strengthen its ecosystem, as well as to extend and reinforce the potential synergy within the group of companies. This has been achieved through the categorization of business into 6 main groups: Connext, Enterprise & Life, Payments & Wallet, Financial Inclusion, InnoTainment, and Venture. The details of these significant changes are as follows:

- 1. Enterprise & Life:** The company has invested in S2SMART, a workforce outsourcing company in the central region. This strategic investment aims to expand SABUY Outsourcing business with plans for further investments in the future.
- 2. Payments & Wallet:** The company has collaborated with Bangkok Bank (BBL) as a Banking Agent through the SABUY COUNTER. This initiative allows for cash deposit and withdrawal services through various retail locations, facilitating expedited parcel delivery services nationwide via SABUY SPEED. The collaboration includes over 150 service points for cash deposit and withdrawal services throughout the country, as well as the convenience of deposit services via "Term Sabuy Plus" top-up machine
- 3. InnoTainment:** Following the investment in AS, the Company gave the consent to AS to invest in Bitkub Online (BO), a digital platform and exchange. This investment aims to further expand the digital platform and exchange business, as well as capitalize blockchain technology, where BO excels. This investment aligns with the broader business strategies of SABUY and includes investment in NIPA, a company specializing in cloud services and digital marketing agency in Southeast Asia. Both blockchain and cloud capabilities will be utilized within the Digital Asset and Digital Platform business, particularly for SABUY Digital and SABUY Infrastructure.

Significant Investment Activities of the Group of Companies in the Past 6 Months

- Aligned with TKS BOD resolutions, the Company approved the investment cancellation in exchanging TKS shares with shares of AIT to TKS. This decision was based on the volatile and rapidly changing economic and capital markets both domestically and internationally together with further in-depth consideration of business integration between TKS and AIT. Both SABUY and TKS have carefully and thoroughly considered such transactions and mutually decided to cease the transactions. Decisions were based on the best interests of all parties, especially minority shareholders of both companies. This cancellation does not have any adverse impact on business relationship between SABUY and TKS, whereby both companies will still continue as strong business partners going forward.
- After careful consideration and based on seeking new business partnerships to enhance business synergy and achieve long-term growth, the Company decided to invest in TKC, by purchasing the newly issued ordinary shares of TKC not more than 64,627,200 shares or equivalent to 16.16 percent of registered capital after the issuance of new ordinary shares. The Company will make payment in the amount not exceeding THB 1,615,680,000 or equivalent to THB 25.00 per share to TKC.
- Additionally, the company approved the sale of up to 237,600,000 ordinary shares or equivalent to 16.60 percent of the total shares in AIT to TKC at the purchase price of THB 6.80 per share where the Company will receive the fund up to THB 1,615,680,000 with the newly issued ordinary shares of TKC. This transaction aims to align and harmonize business interests and synergies while ensuring a fair and balanced alignment of existing businesses for sustainable long-term growth. Both SABUY and TKC share similar 'Smart Solutions' business directions, which can generate substantial value for both companies, making their strategic alignment mutually beneficial.
- On 20 June 2023, the BOD passed a resolution to further investment in NAKON for an additional 65.96 million shares, equivalent to 5.29% making the total shareholding to 30.29%. This emphasizes the aim of reinforcing collaborative efforts in the financial inclusions business segment. This decision was made considering NAKON as the flagship within this business axis.
- On 14 August 2023, the BOD has considered the business restructuring plan for Connex and Enterprise & Life business pillars by transferring 100% of vending business from PTECH to sit under SBNEXT, whereby SBNEXT will be the flagship company in operating vending business following its recent acquisition of AOC vending business from Osotsapha group. The Company will also transfer the ownership of Buzzebees (a comprehensive CRM & Digital Engagement Platform service provider) from SABUY to sit under PTECH with a 27.07% shareholding.

Those aforementioned transactions are part of the Company's broader investment strategy across various business segments, with the goal of strengthening the Ecosystem to comprehensively address consumer needs. Additionally, there has been a reorganization of the organizational structure to enhance business capabilities and facilitate growth, covering both domestic and international aspects.



Details of Significant Changes in Operating Results for the Past 6 Months from Gains (Losses) from the value of Investments through Profit and Loss

(Unit : Million Baht)

List of Investments with Fair value Measurement	Fair value at the end of the period	Book Value at the previous period	Gain (Loss) from change in value of investments measured
<u>Q1/2023</u>			
Nakhonluang Capital Public Company Limited	1,213	1,066	147
Laundry Bar Thailand Company Limited	56	45	11
<u>Q2/2023</u>			
Nakhonluang Capital Public Company Limited	1,309	1,213	96
Total Gain (Loss) from value of investments through Profit and Loss for the 6-month Period			254

1. The fair value of investments in Nakhonluang Capital Public Company Limited was assessed using the net present value method of dividend cash flows, evaluated by Avanguard Capital Limited, an appraiser approved by the Office of the Securities and Exchange Commission (SEC).

2. The fair value of investments in Laundry Bar Thailand Company Limited was assessed using the net present value method of cash flow, evaluated by Avanguard Capital Limited, an appraiser approved by the Office of the Securities and Exchange Commission (SEC).

Strategy and Objective for 2023 under the “Overseas Aspiration” Concept

In 2022, the Company strengthened the Ecosystem by investing and collaborating with various partners such as SBNEXT, Asphere, SPEED (Drop-off group), LOVLS, BZB and others that are diverse and different in their business along with established subsidiaries. After joining the SABUY Ecosystem, the Group is able to widely reach the targeted users/customers while effectively implementing cost control.

In the year 2023, the Company focuses on expanding its customer base into the ASEAN region under the concept of "Overseas Aspiration." The company initiated this effort by collaborating with GHL and CollectCo. Despite delays in investing in these ventures due to volatility of stock prices in the region, the company maintains its business relationships and partnerships with GHL in Thailand. Furthermore, there is a strong intention to invest as per the objectives to increase Company's market share and enhance performance in the Asian region.

With investment in AS, the Company has expand its business under Overseas Aspiration concept as AS is the largest game provider in 5 countries in ASEAN. In conjunction with AS intention to invest in BO, this truly can be considered as our objective of regional expansion.

Financial Performance for Q2/2023 (ending 30-Jun-2023)

	Q2'22 THB mm	Q1'23 THB mm	Q2'23 THB mm	Change Y-on-Y	Change Q-on-Q	6M'22 THB mm	6M'23 THB mm	Change Y-on-Y
Revenue from rendering service	426.8	668.2	686.3	60.8%	2.7%	815.7	1,354.4	66.0%
Revenue from sales of goods	262.8	1,674.8	1,684.1	540.8%	0.6%	530.0	3,358.9	533.8%
Revenue from Rendering of Contract and interest income from installment sales	66.3	136.6	145.3	119.2%	6.4%	145.4	281.9	93.9%
Other income	87.4	50.5	54.6	-37.5%	8.1%	187.8	105.1	-44.0%
Dividend income	-	3.7	2.1	-	-43.2%	-	5.8	-
Total Revenue	843.4	2,533.7	2,572.3	205.0%	1.5%	1,678.8	5,106.1	204.2%
Gross profit	214.5	578.0	595.4	177.6%	3.0%	440.2	1,173.4	166.6%
Total Expenses	237.2	500.2	542.1	128.5%	8.4%	404.4	1,042.3	157.7%
Net Income from Equity Instruments	420.3	148.4	106.2	-74.7%	-28.4%	420.3	254.6	-39.4%
Net profit	367.5	213.2	201.5	-45.2%	-5.5%	487.1	414.6	-14.9%
Net profit of parent	356.3	167.0	179.6	-49.6%	7.5%	463.5	346.6	-25.2%
Gross profit	%	28.4%	23.3%	23.7%		29.5%	23.5%	
Net profit	%	48.6%	8.6%	8.0%		32.7%	8.3%	
Earning per shares ¹	Baht	0.24	0.10	0.10				

Note: 1. Calculated from no. of shares of 1,841.91 million shares as of 30 June 2023.

Revenue

Total Revenue of the Company for the Q2/2023 (ending 30-Jun-2023) was THB 2,572.3 million, representing an increase of THB 1,728.9 million or 205% from the same period last year.



In Q2/2023, the Company's revenue increased from main companies such as SBNEXT, SABUY Market Plus, SABUY SPEED, SABUY Alliances, PTECH, BZB, and LOVLS, which are companies with stable growth potential in this quarter. Additionally, the Company explored opportunities for new business ventures to contribute to its growth, such as enhancing Touchpoints and B2C sales channels through the ShopDD platform and acting as a Banking Agent for cash deposits and withdrawals through the company's channels. Furthermore, the company continued its sustainable development strategy, focusing on employee development, risk management, internal audits, and improving sales and service systems following the 7 SMART approach to increase revenue across all products and services.

Moreover, the Company sought new sales channels and markets, while also restructuring its organizational structure with an integrated focus on Solution-based sales to align with the 7 SMART business plan. This is part of the company's expansion towards becoming a regional player. The Company remains committed to sustainable growth, in line with Company goals.

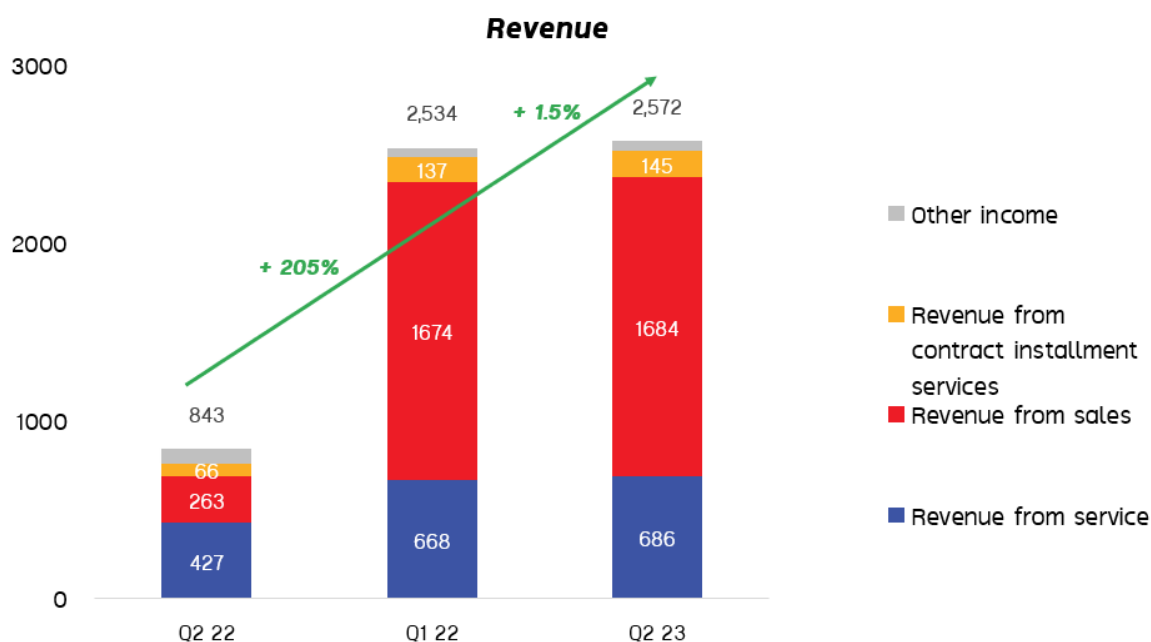
In Q2-2023, the Company generated revenue from various services as follows:

1. Revenue from rendering service for Q2-2023 was THB 686.3 million, with an increase of THB 259.4 million or 60.8% from the same period last year. This was due mainly to rapid revenue growth of SABUY SPEED, which expanded its Touchpoint to provide nationwide parcel delivery services. This expansion was aligned with the market conditions of the parcel delivery business in 2023, which was projected to grow at an average rate of 18%, in line with the overall growth of the E-commerce market valued at 115 billion Baht. Additionally, the increase in revenue was attributed to the growth of Outsourcing business and CRM service revenue from BZB, which had been invested in since Q3-2022 and Q4-2022.
2. Revenue from sales of goods for Q2-2023 was THB 1,684.1 million, with an increase of THB 1,421.3 million or 540.7% from the same period last year. This was due mainly to the sales of products through vending machines and the expansion of the number of vending machines under the subsidiary, Vending Plus Co., Ltd. Moreover, there was an increase in revenue from selling water filtration machines by SBNEXT and revenue from selling electrical appliances on an installment basis by LOVLS, which had been invested in since Q3-2022 and Q4-2022.
3. Revenue from Rendering of Contract and interest income from installment sales for Q2-2023 was 145.3 million, representing an increase of THB 78.9 million or 119.0% from the same period last year. This was mainly increased by the credit business and the sale of water filtration machines and electrical appliances on an installment basis through the platforms of SBNEXT and LOVLS.

During the Q2-2023, the Company also developed the Food court and Point of Sale (POS) systems to integrate with its subsidiaries SABUY Food Plus and SABUY Market Plus. This development aimed to establish a 'One-

Stop Food Supply Service' and expand new direct-to-consumer (B2C) sales channels through the e-commerce platform "ShopDD", which aimed to enhance customer accessibility, increase Touchpoints, and generate online sales through more than 100 e-commerce platforms. Additionally, the company continued to enhance its parcel delivery services and strengthen its competitiveness in the business sector.

Unit: Million Baht



Gross profit

The consolidated gross profit for Q2/2023 (ending 30-Jun-2023) was THB 595.4 million, with an increase of THB 381.0 million or 177.6% from the same period last year. The Company has a gross profit margin for Q2-2023 at 23.7%, decreased from 28.4% from the same period last year. Resulting from costs of selling products through vending machines and the increased service expenses. This includes the efforts of the Company's affiliated groups to control the pricing of goods and services in order to remain competitive in the market and retain their customer base. These factors led to a decrease in the initial profit margins when compared to the same period of the previous year. To address this, the Company has implemented plans and measures to manage its expenses. This encompasses strategies such as implementing policies that align product selection with consumer preferences and exploring new sales channels to enhance revenue and achieve more efficient cost reduction.

Selling and Administration (SG&A) Expenses

SG&A expenses for Q2/2023 (ending 30-Jun-2023) totaled THB 542.1 million, an increase of THB 304.9 million or 128.5% from the same period last year due to the recognition of expenses from business expansion in SABUY SPEED, SABUY Alliance, VDP, PTECH, BZB, SBNEXT, LOVLS, and etc. In addition, the



Company has recognized increased expenses from business expansion, including Marketing, Advisory, as well as business investments. However, since May-2023, the Company has embarked on a journey to reduce operational redundancies by consolidating functions aiming to reduce expense in all aspects and enhance operational efficiencies. The Company has already achieved the SG&A reduction of around THB 15m per quarter (impact to start in Aug) from the target of THB 30-40m per quarter. This effort is coupled with a strategic adjustment of the business group's structure to further elevate its potential. This restructuring will involve establishing SBNEXT, PTECH, and AS as the core pillars of the three primary business segments: Connex, Enterprise & Life, and InnoTainment, respectively. Additionally, the company has plans to explore the possibility of divesting certain non-Ecosystem businesses. This strategic move is intended to create value and enhance the company's adaptability to navigate future changes.

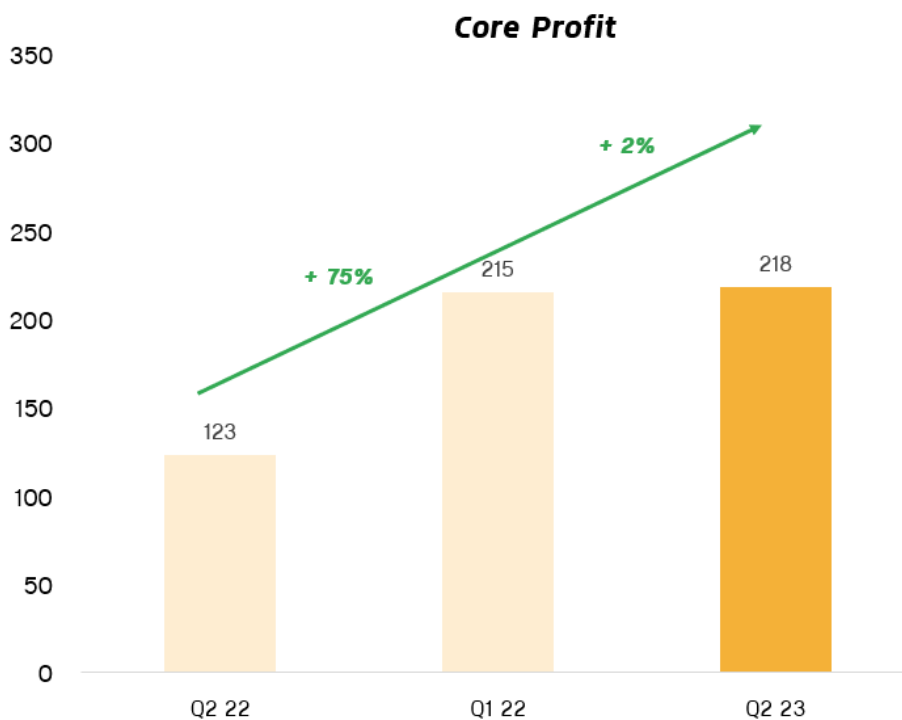
Expense Description	Amount (Million Baht)
Recurring Expenses in Q2/2023	
Marketing Expenses	13.0
Advisory Expenses in Group (Investment and Legal)	3.0
ESOP and Warrant	10.0
Incremental Interest Expenses for supporting business expansion	90.0
Total recurring expenses for business expansion in Q2/2023	116.0

Net Profit

The Company's net profit for Q2/2023 (ending 30-Jun-2023) amounted to 179.6 million Baht. This represents a decrease of 176.7 million Baht or 49.6% compared to the same period in the previous year. The reduction in net profit was primarily due to decreases in gains from investments measured at fair value.

Net Profit after recurring expenses for business operations (Core Profit)	
	Q2'23 THB (mm)
Net Profit of Parent	179.6
Gain on Measurement of Investment (After Tax)	(77.3)
Recurring expenses for business expansion	116.0
Net Profit after recurring expenses for business operations	218.3

Unit: Million Baht





Statement of financial position at the end of 30-Jun-2023

Description	For the period as of					
	31 December 2022		30 June 2023		Change	
	THB mm	%	THB mm	%	THB mm	%
Total Assets	19,265.4	100.0	21,376.3	100.0	2,110.9	11.0
Total Liabilities	7,315.9	38.0	9,767.9	45.7	2,452.0	33.5
Total shareholders and equity	11,949.5	62.0	11,608.4	54.3	- 341.1	(2.9)
Equity of Parent	9,496.3	45.2	8,703.0	47.6	1,466.9	16.9
Current Ratio (Time)	0.92		0.93			
Debt to Equity Ratio (Time)	0.61		0.84			
Interest Bearing Debt to Equity (Time)	0.48		0.70			

Total Assets

Total assets as of 30-Jun-2023 increased by THB 2,110.9 million or 11.0% from 31-Dec-2022 mainly resulting from

1. Capital increase in AS amounting to THB 271.6 million and the increase in valuation of investment in securities by THB 254.0 million.
2. Current assets increased by THB 817.1 million due to expanded business operations.
3. Other assets from business consolidation

Total Liabilities

Total liabilities as of 30-Jun-2023 increased by THB 2,452.0 million or 33.5% from 31-Dec-2022 resulting from an increase of debenture and other liabilities from business expansion.

Shareholders' Equity

Shareholders' equity as of 30-Jun-2023 slightly decreased by THB 341.1 million or 2.9% from 31-Dec-2022 due to share buyback that occurred in the second quarter.

Analysis of Key Financial Ratios

Current Ratio

The current ratio as of 30-Jun-2023 slightly increased to 0.93x, from 31-Dec-2022 at 0.92.



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Debt-To-Equity Ratio

The debt-to-equity ratio as of 30-Jun-2023 is 0.84x, from 31-Dec-2022 at 0.61x resulting from an increase of liabilities from issuance of debentures and loans from financial institutions to support business expansion.

Interest Bearing Debt to Equity

The Interest-Bearing Debt to Equity as of 30-Jun-2023 increased to 0.70x, from 31-Dec-2022 at 0.48x resulting from issuing debenture and loans from financial institutions to support expansion of business structures.

Please be informed accordingly.

Your Sincerely,

(Mr. Chookiat Rujanapornpajee)

Group Chief Executive Office