

**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) (2<sup>nd</sup> Revised)****Business Overview and Impact of the COVID situation**

Singer Thailand Public Company Limited (“the Company”) has sold products (home electrical products, commercial products, and mobile phone products) along with lending to customers. For the proportion of product sales during the six-month period, the Company provided hire purchase loans for 67% of total sales other than that is selling products in cash. Its subsidiary, SG Capital Public Company Limited, provides such hire purchase loans. 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 since the beginning of this year. There is verification of customer identification, checking of customer credit information, including checking the source of customer income to conduct confidence in the customer's ability to repay debts. Customer credit analysis before approving such loans are required in order to reduce the risk of non-performing debt of the subsidiary 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	%
<b>Revenues</b>								
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
<b>Total revenues</b>	<b>796</b>	<b>1,426</b>	<b>(630)</b>	<b>(44.2)</b>	<b>1,680</b>	<b>2,637</b>	<b>(957)</b>	<b>(36.3)</b>
<b>Expenses</b>								
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)
<b>Total expenses</b>	<b>1,219</b>	<b>964</b>	<b>255</b>	<b>26.5</b>	<b>2,180</b>	<b>1,738</b>	<b>442</b>	<b>25.4</b>
<b>Profit (Loss) from operating activities</b>	<b>(423)</b>	<b>462</b>	<b>(885)</b>	<b>(191.6)</b>	<b>(500)</b>	<b>899</b>	<b>(1,399)</b>	<b>(155.6)</b>
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)
<b>Profit (Loss) before income tax expense</b>	<b>(3,408)</b>	<b>344</b>	<b>(3,760)</b>	<b>(1,093.0)</b>	<b>(4,535)</b>	<b>612</b>	<b>(5,147)</b>	<b>(841.0)</b>
Tax expense	(531)	79	(610)	(772.2)	(722)	131	(853)	(651.1)
<b>Profit (Loss) for the period</b>	<b>(2,877)</b>	<b>265</b>	<b>(3,142)</b>	<b>(1,185.7)</b>	<b>(3,813)</b>	<b>481</b>	<b>(4,294)</b>	<b>(892.7)</b>
Profit (Loss) attributable to non-controlling interests	(481)	-	(481)	(100.0)	(574)	-	(574)	(100.0)
<b>Profit (Loss) attributable to equity holders of the Company</b>	<b>(2,396)</b>	<b>265</b>	<b>(2,661)</b>	<b>(1,004.2)</b>	<b>(3,239)</b>	<b>481</b>	<b>(3,720)</b>	<b>(773.4)</b>

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:

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### **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. For the six-month period ended 30 June 2023, the company had income from hire purchase sales decreased at Baht 1,240 million, or 81.8%, when compared to the same period of last year. The company has solutions to increase income from sales by increasing the number of sales staff and adjusting business models as mentioned in the management's view for future operating results in this last paragraph. Currently, the Company plans to sell second-hand products through direct sales channels (Direct Sales Singer), organizing events at various markets (Event Clearance Sales), Community Malls and at Singer's warehouses. However, in the past, such sales were based on direct sales channel only (Direct Sales Singer).

### **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 remaining Baht 401 million was the cost of goods sold. The management observed significant declining in selling price of second-hand inventories and stock obsolescence and damage during the second quarter, all products were counted. Both new and second-hand products, including products stored at the branch and the Company's warehouse. Accordingly, the management reassessed the estimated amount of net realisable value of inventories and there is an assessment of additional reserves for obsolete products. and groups of damaged products. These provision was made for second-hand products in the amount of Baht 870.3 million or 91.9%. As a result, the Group company had written down the declining in value of inventories in cost of sales of goods which is in accordance with generally accepted accounting standards. The Company has changed the policy for setting aside inventories as follows.

Policy	Old	New
Policy on product reductions from sales price reductions	The company considers the value expected to be received every quarter by calculating from past selling prices for each product group and product grade whether it is lower than cost of goods sold or not. If any product group is lower, an allowance will be set for the product.	The company considers the expected value of each product and its condition, including expenses related to sales, to calculate the expected value every quarter.
Policy to reserve for obsolete products	The company has considered reserving products from <ul style="list-style-type: none"> <li>- Selling prices will be reviewed each quarter</li> <li>- Obsolete products or damaged products will be considered only those that have indicators that make them obsolete or damaged only</li> </ul> <p>The age of the aging stock was not taken into consideration.</p>	The company considers the provision based on the product aging stock <ul style="list-style-type: none"> <li>- If the product aged is more than 4 years (excluding commercial products) The provision for obsolete stock will be set up 50%.</li> <li>- All types of products aged over 5 years the provision obsolete stock will set up 100%.</li> <li>- If there are indicators that it is obsoleted, or damaged, the company will immediately consider setting up a provision.</li> </ul>

### 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 was the result of writing off non-performing loans that the company had tracked and assessed to be uncollectible, net accounts receivable THB 917 million. The company also recorded additional provisions for expected credit losses to adequately and appropriately address the risks anticipated from increasing significant credit risk and deteriorating 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	%
<b>Assets</b>				
Current assets	9,928	15,489	(5,561)	(35.9)
Non-current assets	10,324	10,405	(81)	(0.8)
<b>Total assets</b>	<b>20,252</b>	<b>25,894</b>	<b>(5,642)</b>	<b>(21.8)</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Liabilities and equity	2,423	2,632	(208)	(7.9)
Non-current liabilities	3,889	4,954	(1,066)	(21.5)
<b>Total liabilities</b>	<b>6,312</b>	<b>7,586</b>	<b>(1,274)</b>	<b>(16.8)</b>
<b>Equity attributable to owners of the parent</b>	<b>13,937</b>	<b>17,641</b>	<b>(3,704)</b>	<b>(21.0)</b>
<b>Non-controlling interests</b>	<b>3</b>	<b>667</b>	<b>(664)</b>	<b>(99.6)</b>
<b>Total equity</b>	<b>13,940</b>	<b>18,308</b>	<b>(4,368)</b>	<b>(23.9)</b>
<b>Total liabilities and equity</b>	<b>20,252</b>	<b>25,894</b>	<b>(5,642)</b>	<b>(21.8)</b>

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## 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.

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- **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.

- **Long-term loans to related party**

From the separate financial statements, The Company has an outstanding loan to a subsidiary, SG Capital Public Company Limited, in the amount at Baht 10,073 million, which is scheduled to be repaid according to the loan contract in year 2024 and 2025, the amount at Baht 2,354 million and Baht 7,719 million, respectively.

### **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. During the period from July - September 2023, the Company has experimented with selling products by hire purchase (Hire Purchase by Singer) other than doing in subsidiary. This has not affected the business conflicts together. The more explanation is below:

- When products are sold on hire-purchase credit, the credit is provided by a subsidiary. Which is considered by verifying the customer's identity, checking the customer's credit bureau (NCB) information, including checking the source of the customer's income. If any customer credit does not be approved, the subsidiary will refuse to grant such credit.
- Between July to September 2023, the Company experimented with selling products by hire purchase (Hire Purchase by Singer) other than doing in subsidiary. Such hire purchase loan has been provided by Company that will be the customers whose subsidiary have considered loans as mentioned above but have not been approved credit from a subsidiary. These customers will be a check on customer information to see if there is a main address, occupation of the customer, identification verification is checked (KYC, Dip Chip Process).
- According to the memorandum of understanding between the Company and a subsidiary, the subsidiary has hired a Company to sell the subsidiary's second-hand products. The Company receives compensation at the rate of 15 percent of the value that the company sells. However, during 2023, the company has no transaction of sales of such second-hand products for subsidiary. A subsidiary has managed to sell second-hand products by self for cash only, but if a subsidiary is unable to sell the products in time, it can hire the Company to sell on their products as mentioned on above.
- Second-hand products section of the Company, the Company still sells second-hand products by granting hire-purchase loans to customers. Such second-hand products are the same products that were previously bought back from a subsidiary.



In terms of returns between businesses, there have been policy changes as follows.

	<b>SGC received from SINGER</b>	<b>SINGER received from SGC</b>
Hire-purchase contract receivables	Receive hire purchase customers from SINGER's sales. SGC will purchase SINGER products for sale and hire purchase.	Receive income from selling products to sell on hire-purchase basis and compensation from collecting money.
Consignment and sale of repossessed goods (in the past)	Revenue from merchandise sales from Singer's sales	Singer receives 15% of sales.
Consignment and sale of repossessed goods (currently)	SGC sells repossessed products itself.	None

Moreover, the changes have been made to the Company's branch stores to be in the form of a retail store (Retail Business), adding new types of products to the Company's stores to increase the sales volume of home electrical appliances and mobile phone products. The Company also provides loans to small and medium sized enterprises (SMEs Loan) in order to expand the company's customer base in order to have thorough access to the company's products and considering by adding a channel to sell products through vehicles (Singer Vans) in order to get approval to sell products immediately. It's adding new sales channels to Company. This business model is mentioned above, 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