

**H.T./SET/020/2023**

9 November 2023

**To: Managing Director
The Stock Exchange of Thailand****Re: Management Discussion & Analysis for the three-month period and nine-month period ended 30 September 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 (home electrical products, commercial products, and mobile phone products) along with lending to customers and 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 3/2023, 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.

From the impact that the group of companies has reflected financial performance in during the 1st quarter and 2nd quarter of 2023, including hire purchase contract receivables and loan receivables, the subsidiary company was the result of writing off non-performing loans that the company had tracked and assessed to be uncollectible. The company also recorded additional provisions for expected credit losses (management overlay in expected credit loss) 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. This was including the impact from provision on declining in the selling price of second-hand inventories and inventories obsolescence provision. All impacts have already been reflected in the operating results for the first and second quarters of 2023.

According to the Board of Directors' Meeting of Singer Thailand Public Company Limited ("the Company") No. 265/2023 held on 9 November 2023, the BOD has approved the reviewed consolidated financial statement and the performance of the company and its subsidiaries for 3rd quarter ended 30 September 2023. The results can be summarized as follow:

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

Statement of comprehensive income (Million Baht)	For the three-month period ended 30 September		Increase (decrease)		For the nine-month period ended 30 September		Increase (decrease)	
	2023	2022	Amount	%	2023	2022	Amount	%
Revenues								
Revenue from sales of goods	153	696	(543)	(78.0)	568	2,290	(1,722)	(75.2)
Interest income from hire-purchase contract and loans	484	610	(126)	(20.7)	1,656	1,569	87	5.5
Revenue from rendering of services	14	19	(5)	(26.3)	39	66	(27)	(40.9)
Dividend income	-	-	-	-	5	-	5	100.0
Other income	24	11	13	118.2	88	48	40	83.3
Total revenues	675	1,336	(661)	(49.5)	2,356	3,973	(1,617)	(40.7)
Expenses								
Cost of sales of goods	113	381	(268)	(70.3)	1,456	1,246	210	16.9
Cost of rendering of services	4	6	(2)	(33.3)	15	21	(6)	(28.6)
Distribution costs and Administrative expenses	283	426	(143)	(33.6)	1,105	1,285	(180)	(14.0)
Total expenses	400	813	(413)	(50.8)	2,576	2,552	24	0.9
Profit (Loss) from operating activities	275	523	(248)	(47.4)	(220)	1,421	(1,641)	(115.5)
Finance costs	85	108	(23)	(21.3)	284	356	(72)	(20.2)
Expected credit loss	168	112	56	50.0	4,011	155	3,856	2,487.7
Gains on measurement of current investments	-	-	-	-	(1)	(4)	3	(75.0)
Profit (Loss) before income tax expense	22	303	(281)	(92.7)	(4,514)	914	(5,428)	(593.9)
Tax expense	7	42	(35)	(83.3)	(716)	172	(888)	(516.3)
Profit (Loss) for the period	15	261	(246)	(94.3)	(3,798)	742	(4,540)	(611.9)
Profit (Loss) attributable to non-controlling interests	2	-	2	100.0	(571)	-	(571)	(100.0)
Profit (Loss) attributable to equity holders of the Company	13	261	(248)	(95.0)	(3,227)	742	(3,969)	(534.9)

For the three-month period ended 30 September 2023, the Group Company had net profit attributable to equity holders of the Company at Baht 13 million with lower profits at Baht 248 million compared with the same period of last year.

For the nine-month period ended 30 September 2023, the Group Company had a net loss attributable to equity holders of the Company at Baht 3,227 million with lower profits at Baht 3,969 million compared with the same period of last year.

Total revenue

For the three-month period and nine-month period ended 30 September 2023, total revenue of the group company had decreased by Baht 661 million or 49.5% and by Baht 1,617 million or 40.7%, respectively. Details of revenue in the consolidated financial statements was as follows:

Revenue from sales of goods

For the three-month period and nine-month period ended 30 September 2023, revenue from sales of goods of the group company decreased by Baht 543 million or 78.0% and at Baht 1,722 million or 75.2% 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 nine-month period ended 30 September 2023, the company had income from hire purchase sales decreased at Baht 1,860 million, or 86.7%, 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 ended 30 September 2023, cost of sales of goods decreased by Baht 268 million or 70.3% when compared to the same period last year which corresponds to a decrease in product sales revenue.

For the nine-month period ended 30 September 2023, cost of sales of goods increased by Baht 210 million or 16.9% when compared to the same period last year because in the nine-month period ended 30 September 2023, the company has set aside an allowance for the declining value of inventories at Baht 902 million, remaining Baht 554 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 third 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 451 million or 66.4%. 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 inventory reserve policy as described in the management's discussion and analysis for the 2nd quarter of 2023.

Interest income from hire-purchase contract and loans

For the three-month period ended 30 September 2023, interest income from hire-purchase contract and loans of the Group Company decreased at Baht 126 million or 20.7% mainly due to interest income from hire-purchase decreased at Baht 220 million and in during 2nd quarter of 2023, there was the writing off non-performing loans of hire purchase receivable as described in the management's discussion and analysis for the 2nd quarter of 2023.

For the nine-month period ended 30 September 2023, interest income from hire-purchase contract and loans of the Group Company increased at Baht 87 million or 5.5%, since an expansion growth of the car for cash loan's portfolio.

Other income

For the three-month period and nine-month period ended 30 September 2023, other income of the Group Company increased at Baht 13 million or 118.2% and at Baht 40 million or 83.3% respectively, the main reason was because of the increase in insurance commission and Interest income from investments in short-term financial assets.

Distribution costs and Administrative expenses

For the three-month period and nine-month period ended 30 September 2023, distribution costs and administrative expenses increased at Baht 143 million or 33.6% and decreased at Baht 180 million or 14.0%, respectively because distribution costs decreased at Baht 145 million for three-month period and at Baht 294 million for nine-month period, which in line for sales reduction. However, administrative expenses increased by Baht 166 million for the nine-month period from the company had reserved for impairment in fixed assets at Baht 59 million and increased in other expenses. However, personnel expenses decreased compared to the same period last year.

Finance costs

For the three-month period and the nine-month period ended 30 September 2023, finance costs decreased at Baht 23 million or 21.3% and at Baht 72 million or 20.2%, respectively, because the company had repayment the debentures in during the period as described in part of liabilities and equity.

Expected credit loss

For the three-month period and the nine-month period ended 30 September 2023, expected credit loss of the Group Company increased of Baht 56 million and 3,856 respectively, because the subsidiary company was the result of writing off non-performing loans that the company had tracked and assessed to be uncollectible. 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. In during the 3rd quarter of 2023, there was sales of rights in receivable amounting to Baht 106 million was recognized of expected credit loss.

Statements of financial position

Statement of financial position (Million Baht)	30 SEP 2023	31 DEC 2022	Inc (Dec)	
			Amount	%
Assets				
Current assets	8,923	15,489	(6,566)	(42.4)
Non-current assets	10,305	10,405	(100)	(1.0)
Total assets	19,228	25,894	(6,666)	(25.7)
Liabilities and equity				
Liabilities				
Liabilities and equity	4,415	2,632	1,783	67.7
Non-current liabilities	863	4,954	(4,091)	(82.6)
Total liabilities	5,278	7,586	(2,308)	(30.4)
Equity attributable to owners of the parent	13,945	17,641	(3,696)	(21.0)
Non-controlling interests	5	667	(662)	(99.3)
Total equity	13,950	18,308	(4,358)	(23.8)
Total liabilities and equity	19,228	25,894	(6,666)	(25.7)

Assets

Total assets of the Group company changes decreased at Baht 6,666 million or 25.7% 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 4,286 million, a decrease at Baht 353 million or 7.6% compared to the end of 2022. The Group company had expansion portfolio of car for cash loans by Baht 3,804 million, repurchase stock by Baht 338 million and repayment debenture by Baht 1,800 million. However, there was cash received from the maturity of short-term financial assets by Baht 2,797 million.

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

The Group company had short-term investments in financial assets in the amount at Baht 2 million decreased at Baht 2,795 million or 99.9% compared to the end of 2022, due to have maturity date of short term investment and then exchange to cash and cash equivalents in August 2023

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

Hire purchase contract receivables and loan receivables decreased at Baht 2,535 million compared with the year ended 2022. Hire-purchases of electronic and others decreased at Baht 3,523 million or 65.8% and loan receivables increased by Baht 988 million or 10.9% 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 966 million or 55.0%, 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 249 million or 29.3% 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 2,308 million or 30.4%, compared with the year ended 2022. Those significant transactions decreased from trade payable of Baht 137 million because we delayed new purchase orders of goods from suppliers.

Other payables decreased by Baht 82 million and repayment debentures by Baht 1,800 million during the period.

- Total equity of the Group Company decreased at Baht 4,358 million or 23.8%, 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 September 30, 2023, the Group has cash and cash equivalents and investments in short-term financial assets. The total such balance was Baht 4,286 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 first and second quarter of this year. Thus, 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 is done in subsidiary which does not affect business conflicts in any way as explained in the management's discussion and analysis for the second quarter of 2023. However, when the trial period has expired, October 2023 onward, the company will sell only second-hand products on hire-purchase basis according to the traditional credit consideration method, which is considered by verifying the customer's identity (KYC, Dip Chip process), including checking the source of the customer's income, and no checking the customer's credit bureau (NCB) information.

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