

SBNEXT.IR. 021/2023

14 November 2023

Subj: Management Discussion & Analysis for the third quarter of Y2023 of Sabuy Connex Tech Public Company Limited Group
To: The President
The Stock Exchange of Thailand

SABUY Connex Tech Public Company Limited (the “Company”) “SBNEXT” and subsidiaries (“Group”) would like to explain its business performance for the three months ending September 30, 2023, which was reviewed by a certified public accountant. The details are as follows:

Highlights in the 3rd quarter of 2023:

- The Company has started commencing vending machines business as plan in Aug-2023, under a newly established subsidiary, Vending Connex Tech Co., Ltd. (“VCT”).
- The Company has expanded new product lines covering various range of products in order to serve customers needs in various segments i.e. hot-ward water machines, air purifiers under SAFE brand.

Q3-2023 Key performance measures:**Revenue**

The total revenue for the Q3-2023, ending September 30, 2023, was THB 459.84 million, representing a THB 130.93 million or 39.81% higher than the same period last year. Key highlights are:

1. Revenue from sales for the Q3-2023 was THB 384.14 million, representing an increase of THB 110.38 million or 40.32% from the same period last year. This was due to increase in sale revenue of electrical appliances in conjunction with newly established vending machines business.
2. Interest income from hire-purchase contracts for the Q3-2023 was 49.68 million baht, an increase of THB 5.08 million or 11.40% from the same period last year. This was due to the expansion of sale channels and shifting of product mix as well as shifting to higher quality and better payment capabilities customer segments.
3. Interest income from loan receivables for the Q3-2023 was THB 4.08 million, a drop of THB 0.82 million or 16.74% from the same period last year resulting from shifting to higher quality customers profile causing the interest income to slightly drop, but with better loan quality.

Cost of sales

The cost of sales for Q3-2023 was at THB 192.80 million, showing a THB 114.80 million or 147.18% from the same period last year. When comparing with Q2-2023, the cost of sales dropped by THB 3.20 million or 1.63%. However, the cost of sales ratio (to revenue) decreased from 54.14% in Q2-2023 to 50.19% in this quarter resulting from the changing of product mix in water purifier and electrical appliances.

Distribution costs

Distribution costs of the Group for Q3-2023 was THB 150.23 million, an increase of THB 46.37 million or 44.65% from the same period last year. However, distribution cost to revenue ratio increase from 39.11% to 37.94% in the same period last year as the Company expands new sale teams as well as higher advertising and marketing spend.

Administrative expenses

Administrative expenses were THB 88.49 million showing an increase of THB 11.42 million or 14.82% from the same period last year. But the Group was able to reduce administrative expenses to revenue ratio from 23.43% in Q3-2022 to 19.24% in Q3-2023 from better cost management.

Impairment losses

In Q3-2023, the Group had an impairment loss on accounts receivable at THB 49.28 million, a decrease of THB 3.52 or 6.67% from the same period last year, resulting from a better cost management by refurbishing and reselling of foreclosed water purifiers and electrical appliances. In any case, the Company has taken a precautionary step in setting quite a conservative provision for losses to prepare for future economic downturn. In addition, the Company also put more focus and more careful in selecting new installment payment customers in preventing future loan losses or provision.

Net Profit

Net profit for the Group in Q3-2023 was a loss of THB 25.30 million, lower than the same period of the previous year by THB 38.20 million or a decrease of 296.20 percent (in the Q3-2022, net profit was THB 12.90 million). The Net loss (profit) margin to total revenue ratio showed a loss of 5.50% comparing with a gain of 3.92% in Q3-2022 due to the aforementioned reasons.

Statement of Financial Position**Total assets**

As of 30 September 2023, the Group had the total assets of THB 3,497.78 million, an increase of THB 1,680.32 million or 92.45% comparing with that of 31 December 2022. The increase was mainly from the growth of hire purchase receivables and loan receivables, the revaluation of PP&E as well as investment in financial assets and investment in new businesses to cater for future business expansion.

Total liabilities

As of 30 September 2023, the Group had total liabilities of THB 2,155.62 million, an increase of THB 1,752.29 million or 434.46% from 31 December 2022. The increase in liabilities was mainly from short-term loans from financial institutions and loans from related parties.

Shareholders' equity

As of 30 September 2023, the Group had shareholders' equity of THB 1,342.16 million, (as of 31 December 2022 was THB 1,414.13 million) a decrease of THB 71.97 million or 5.09%. The debt-to-equity ratio was 1.61 times comparing with 0.29 times on 31 December 2022. The book value per share was THB 2.22 comparing with THB 2.57 as of 31 December 2022 resulting from net loss in Q3-2023

Sincerely yours,

Sabuy Connex Tech Public Company Limited

Kittipol Thanasit

(Mr. Kittipol Thanasit)
Chief Executive Officer