



14th November 2023

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

To: The 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 3 of the year 2023 (ending 30-Sep-2023), audited by licensed accountants. The details are as follows:

Significant Changes in the Year 2023:

During the third quarter 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: Connex, Enterprise & Life, Payments & Wallet, Financial Inclusion, InnoTainment, and Venture. The details of these significant changes are as follows:

1. Changes in the Payments & Wallet Business Group: The Company has collaborated with Bangkok Bank (BBL) as a Banking Agent through SABUY COUNTER. This collaboration establishes cash deposit and withdrawal services utilizing the SABUY SPEED network at more than 150 locations nationwide. The service has now commenced successfully.
2. Changes in the InnoTainment Business Group: The Company's investment in Asphere Innovations Public Company Limited ("AS") follows its prior investment in AS. The Company acknowledges and consents to AS's investment in Bitkub Online (BO) to further develop the Digital Platform, Exchange, and Blockchain businesses. BO has demonstrated significant potential, contributing to the expansion of various business segments within the SABUY group. Additionally, the Company has invested in NIPA Cloud to enhance capabilities in cloud services and digital marketing agency activities in Southeast Asia. These investments will be integrated into the Digital Asset business, particularly for SABUY Digital and SABUY Infrastructure.

In the 3rd quarter of 2023, AS reported to the Stock Exchange of Thailand ("SET") that it entered into a loan agreement, not exceeding THB 320m, hence the loan agreement were made between UOB and Mr. Pramoth Sudjitporn. The objective is to utilize the loan capital for the purchase of common shares in Bitkub Online Limited. The investment of ordinary shares in BO was already completed.

Significant Changes in the Group of Companies within the past 3 months

1. Postponement of the Business Restructuring Plans for SABUY PTECH and SBNEXT:

The SABUY Group, consisting of three registered companies, namely SABUY Technology Public Company Limited ("SABUY"), Plus Tech Innovation Public Company Limited ("PTECH"), and SABUY Connnext Tech Company Limited ("SBNEXT"), has notified investors of a new restructuring plan. This plan was scheduled for presentation and consideration by the boards of directors of each company on September 30, 2023. The group has undertaken the appointment of experts, including legal and tax advisors, to examine the issues and assess the comprehensive impact of the proposed restructuring, considering its intricate nature involving all three companies. Recognizing the significance of shareholder benefits, the group finds it necessary to postpone the restructuring plan until clear information is obtained regarding tax implications that may arise from the method of buying/selling businesses or the transfer of all assets and liabilities of the business (Entire Business Transfer / EBT). This is expected to progress by December 2023.

The postponement of the restructuring plan has not impacted the overall operations of the group of companies. SABUY, PTECH, and SBNEXT continue to operate as usual, as previously communicated to investors. If the group completes the restructuring plan and it is approved by the respective boards, the plan will be presented for consideration and approval. This includes appointing independent financial advisers (IFA) and ensuring compliance with relevant laws. Detailed agendas and related documents will be disclosed to shareholders during the board meetings for approval following the proposed restructuring plan.

2. The equity investment by GEM Global Yield LLC SCS on November 1, 2023

On November 1, 2023, GEM Global Yield Fund LLC SCS entered as a new major shareholder of SABUY after purchasing the first tranche of 20.585 million shares, equivalent to 1.11%. After the completion of the share purchase as per the investment plan, GEM will emerge as one of the top ten major shareholders of SABUY. GEM's investment plan is capped at THB 1.75 billion or not exceeding 19.9% of the outstanding share capital of SABUY.

GEM Global Emerging Market Group (GEM) is a fund established in 1991, having invested in over 580 transactions across 570 companies in 75 countries. Their focus lies on companies with potential and success. The decision to invest in SABUY reflects GEM's confidence in the growth potential and marks its first investment in Thailand.

GEM's investment decision emphasizes SABUY's unique business model and growth prospects. The investment involves direct share acquisition from SABUY's major shareholder and does not entail involvement in management. This investment by GEM is viewed as a positive development for SABUY from an international investor perspective.

Strategy and Objectives for the Year 2023

In 2023, the company elevated its ecosystem by investing in various strategic partners such as SBNEXT, Asphere, SPEED (Drop-Off business group), LOVLS, BZB, and others, each contributing diverse business profiles. Additionally, establishing subsidiary companies within the company's ecosystem enabled better responsiveness to the service and customer needs of diverse target groups while effectively managing unit costs. This enhanced ecosystem's ability to meet various requirements is anticipated to significantly bolster the company's revenue momentum, ensuring greater stability in the future.

Throughout 2023 (and continuing into 2024), the company's primary focus is on enhancing organizational efficiency, reducing expenses, and eliminating redundancies to prepare for regional economic challenges. These challenges include international conflicts, trade wars, and reduced spending and consumption by Chinese tourists compared to pre-COVID-19 levels. The company is taking measures to adapt to decreased international tourism, impacting spending patterns, and addressing the slowed global economy. Consequently, the company plans to streamline operations and minimize expenses while seeking growth opportunities amid unfavorable economic conditions.

Despite these challenges, the company remains committed to its investment plans in AS and between TKC-AIT. Additionally, the company has adjusted its business operations plan, devised strategies to solve various problems, and continuously implemented preventive measures for the organization's maximum benefit.

Financial Performance for Q3/2023 (ending 30-Sep-2023)

	Q3'22 THB mm	Q2'23 THB mm	Q3'23 THB mm	Change Y-on-Y	Change Q-on-Q	9M'22 THB mm	9M'23 THB mm	Change Y-on-Y
Revenue from rendering service	488.9	686.3	695.7	42.3%	1.4%	1,304.6	2,050.1	57.1%
Revenue from sales of goods	565.9	1,684.1	1,621.3	186.5%	-3.7%	1,095.8	4,980.2	354.5%
Revenue from Rendering of Contract and interest income from installment sales	102.5	145.3	140.8	37.4%	-3.1%	247.9	422.7	70.5%
Other income	14.2	54.6	10.1	-28.9%	-81.5%	202.1	104.9	-48.1%
Dividend income	-	2.0	0.0	-	-100.0%	-	5.8	-
Total Revenue	1,171.5	2,572.3	2,467.9	110.7%	-4.1%	2,850.4	7,563.7	165.4%
Gross profit	369.7	595.4	666.6	80.3%	12.0%	809.9	1,840.0	127.2%
Total Expenses	311.3	542.1	619.6	99.0%	14.3%	715.6	1,661.9	132.2%
Net Income from Equity Instruments	482.3	106.2	0.0	-100.0%	-100.0%	902.6	264.8	-70.7%
Net profit	511.2	201.5	7.2	-98.6%	-96.4%	998.3	421.8	-57.7%
Net profit of parent	500.7	179.6	37.3	-92.6%	-79.2%	964.2	383.8	-60.2%
Gross profit	%	31.9%	23.7%	27.1%		30.6%	24.7%	
Net profit	%	44.2%	8.0%	0.3%		37.7%	5.7%	
Earning per shares ¹	Baht	0.30	0.10	0.02		0.71	0.23	

Note: 1. Calculated from no. of shares of 1,852.84 million shares as of 30 September 2023.

Revenue

Total Revenue of the Company for the Q3/2023 (ending 30-Sep-2023) was THB 2,467.9 million, representing an increase of THB 1,296.3 million or 110.7% from the same period last year.

The challenging global economic conditions have posed significant hurdles for businesses across various sectors. However, in Q3-2023, the company faced these challenges and managed to increase its revenue, particularly from its core companies such as SBNEXT, SABUY Market Plus, SABUY SPEED, SABUY Alliances, PTECH, BZB, and LOVLS. This growth was a result of accelerating sales efforts aligned with the company's strategies and objectives. The company also explored new business opportunities to reinforce its growth, such as acting as a Banking Agent for cash deposits and withdrawals through its channels, maintaining continuous transactions.

This demonstrated the robustness of the company's ecosystem and its comprehensive ability to meet consumer demands. Despite a slight decrease in revenue when comparing Q3-2023 to Q2-2023, there was a significant increase compared to Q3-2022. This signifies a remarkable upward adjustment, indicating the company's resilience and adaptive measures in coping with the challenging economic environment.

In Q3-2023, the Company generated revenue from various services as follows:

1. Revenue from services amounted to 695.7 million Baht, increasing by 206.8 million Baht (42.3%) from the same period in the previous year. The primary reason for this increase stemmed from the revenue generated by 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, expected to grow at an average rate of 18%, in line with the overall growth of the E-commerce market valued at 1.15 trillion Baht in 2023. Additionally, there was an increase in revenue from the Outsourcing business and CRM service revenue from BZB, which had been invested in since Q3-2022 and Q4-2022, respectively.
2. Revenue from sales amounted to 1,621.3 million Baht, increasing by 1,055.4 million Baht (186.5%) from the same period in the previous year. The main reason for this increase was the revenue from selling water filtration products and ice-making machines by SBNEXT, sales from the CRM system by BZB, and revenue from selling electrical appliances on an installment basis by LOVLS, which had been invested in since Q3-2022 and Q4-2022, respectively.
3. Revenue from rendering of contract and interest income from installment sales totaled 140.8 million Baht, increasing by 38.2 million Baht (37.3%) from the same period in the previous year. This revenue came from the credit business and the sale of water filtration machines and electrical appliances on an installment basis through the platforms of SBNEXT and LOVLS.

Gross profit

The consolidated gross profit for Q3-2023 (ending 30-Sep-2023) was THB 666.6 million, up by THB 296.9 million or 80.3% compared to the same period last year. The gross profit margin was at 27.1%, which decreased from 31.9% compared to the same period last year but increased from the Q2/2023 margin of 23.7%. This change was primarily due to the diversified range of products and services offered by the company and an increase in wholesale sales. The market competition, especially in high-price competitive sectors like logistics and outsourcing, necessitated the company to manage its product and service pricing to retain competitiveness and customer base. Additionally, the company implemented strategies to align products/services with consumer preferences and explore new sales channels to boost revenue while effectively controlling costs for better efficiency.

Selling and Administration (SG&A) Expenses

SG&A expenses for Q3/2023 (ending 30-Sep-2023) amounted to THB 619.6 million, an increase of THB 308.4 million from the same period last year, marking a 99.1% increase. This increase was mainly attributed to heightened investment expenses in various businesses such as BZB, SBNEXT, Outsourcing, and LOVLS. Additionally, the business structure expanded with LOVLS opening 15 new branches, SBNEXT increasing sales plans across multiple channels including the expansion of Baan Kongsabay 1210. Furthermore, there were incurred expenses from consolidating vending machine businesses from AOC into SBNEXT since August, impacted by a strengthened USD exchange rate against the Thai Baht.

BZB faced increased costs due to the strengthened USD exchange rate against the Thai Baht, while consultancy fees and asset sales expenses were not incorporated into the business consolidation. Moreover, in Q3/2566, there were provisions made for potential bad debts by SBNEXT, a cautious move by the company considering future economic conditions. Additionally, there were strategic plans to prevent potential issues by enhancing buyer selection criteria within the installment purchase system. This included cautious credit release in line with economic policies to reduce future debt burdens or provisions for SBNEXT.

However, the operational expenses of the parent company (SBT) reduced due to stringent cost control measures and the continuous effort to streamline operations by consolidating teams to centralize functions. Furthermore, the company is restructuring SABUY, SBNEXT, and PTECH to become the core of two main businesses, Connex and Enterprise & Life, respectively. Additionally, the company is considering adjustments to certain non-Ecosystem businesses to create value and enhance adaptability for future changes.

Expense Description	Amount (THB'mm)
Recurring Expenses in Q3-2023	

Marketing Expenses	11.0
Amortization of Intangible Assets from BNUSCOM	35.0
ESOP & Warrants	10.0
Incremental internet Expansion to supporting business	110.0
Total recurring expenses for business expansion in Q3-2023	166.0

Net Profit

Due to challenging economic conditions both domestically and globally, several industries and sectors have faced business operation challenges. Consequently, the net profit of the company for Q3-2023 (ending 30-Sep-2023) was 37.3 million Baht, marking a decrease of 463.4 million Baht was 92.6% from the same period the previous year, specifically stemming from the reduction in gains from measuring the fair value of investments as compared to the previous year.

To enhance efficiency and future performance, the company has initiated measures for adaptation. These measures include refining customer selection criteria for water filtration products on installment plans to enhance precision. Furthermore, the company has considered divesting certain non-Ecosystem businesses and is actively reducing operational redundancies by executing a continuous structural plan. This strategic action aims to strengthen value and bolster adaptability to future changes. The company remains committed to executing a well-structured plan while managing expenses meticulously, reflecting its consistent ability to generate revenue even amid the current challenging economic landscape.

Core Profit	Q3-23 THB'mm
Net Profit of Parent	37.3
Recurring expenses for business developments	166.0
Net Profit after recurring expense for business operations	203.3

Details of Significant Changes in Operating Results for the Past 9 Months from Gains (Losses) from the value of Investments through Profit and Loss

(Unit: THB'mm0)

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
Q1-2023			
Nakornluang Capital Plc	1,213	1,066	147
Laundry Bar Thailand Co., Ltd.	56	45	11
Units of investments in mutual funds (reclassified transactions)	-	-	10

Q2-2023			
Nakornluang Capital Plc	1,309	1,219	96
Total Gain/(Loss) from value of investments through profit and loss for 9 month period.			264

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).
3. The categorization of profit from measuring the fair value of securities from other income, which are investments in the units of the mutual fund of BZB, measured fair value from NAV prices according to the fund's announcement.

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

Description	For the period as of					
	31 December 2022		30 September 2023		Change	
	THB mm	%	THB mm	%	THB mm	%
Total Assets	19,265.4	100.0	22,155.4	100.0	2,890.0	15.0
Total Liabilities	7,315.9	38.0	10,222.9	46.1	2,907.0	39.7
Total shareholders and equity	11,949.5	62.0	11,932.5	53.9	17.0	(0.1)
Equity of Parent	9,496.3	49.3	8,973.3	40.5	523.0	(5.5)
Current Ratio (Time)	0.92		0.91			
Debt to Equity Ratio (Time)	0.61		0.86			
Interest Bearing Debt to Equity (Time)	0.48		0.71			

Total Assets

Total assets as of 30-Sep-2023 increased by THB 2,890.0 million or 15.0% 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. Increased in land, buildings, equipment, and intangible assets from business expansion, totaling THB 689.2 million.
4. Other assets from business consolidation

Total Liabilities

Total liabilities as of 30-Sep-2023 increased by THB 2,907.0 million or 39.7% from 31-Dec-2022 resulting from an increase of debenture and other liabilities from business expansion.

Shareholders' Equity

Shareholders' equity as of 30-Sep-2023 slightly decreased by THB 16.9 million or 0.1% 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-Sep-2023 slightly increased to 0.91, from 31-Dec-2022 at 0.92.

Debt-To-Equity Ratio

The debt-to-equity ratio as of 30-Sep-2023 is 0.86, from 31-Dec-2022 at 0.61 resulting from an increase of liabilities from issuance of debentures and loans from financial institutions to support business expansion.



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Interest Bearing Debt to Equity

The Interest-Bearing Debt to Equity as of 30-Sep-2023 increased to 0.71, from 31-Dec-2022 at 0.48 resulting from issuing debenture and loans from financial institutions to support expansion of business structures.

Please be informed accordingly.

Sincerely yours,

(Mr. Chookiat Rujanapornpajee)

Group Chief Executive Office