

12 February 2024

No. SGC004/2024

To The President
The Stock Exchange of Thailand

Subject Management Discussion and Analysis for the year ended 31 December 2023

We, SG Capital Public Company Limited (“the company”), are pleased to provide you our management discussion and analysis for the year ended 31 December 2023, as follows:

Statement of income Unit: Million Baht	2023	2022	Increase (Decrease)	
Income				
Interest income from hire-purchase contracts and loans	2,089	2,399	(310)	(13%)
Other income	80	40	40	100%
Total income	2,169	2,439	(270)	(11%)
Expenses				
Service and administrative expenses	640	642	(2)	(0.3%)
Total expenses	640	642	(2)	(0.3%)
Profit from operating activities	1,529	1,797	(268)	(15%)
Finance costs	(592)	(600)	(8)	(1%)
Expected credit loss	(3,771)	(395)	3,376	855%
Profit(Loss) before income tax expense	(2,834)	802	(3,636)	(453%)
Tax expenses	559	(135)	(694)	(514%)
Profit(Loss) for the year	(2,275)	667	(2,942)	(441%)

Total Income

Total income consists of interest income, including (1) Home & Commercial Appliances hire purchase (2) Car Loan “RodTumNgern” (hire-purchase and loans with vehicle registration as collateral) and (3) Interest income from other loan receivables (Debt Consolidation credit service loan, Click2Gold loan, and others). And Other income from fee and commission revenues, etc.

For the year 2023, the company’s total income was Baht 2,169 million, a decrease of Baht 270 million or 11% from the last year. This was mainly due to a decrease of interest income from hire-purchase contracts and loans.

Interest income from hire-purchase contracts and loans

For the year 2023, the company interest income from hire-purchase contracts and loans were Baht 2,089 million, a decrease of Baht 310 million or 13% from the last year. Due mainly from the write-off of bad debts from the group of non-performing debtors in the home and commercial appliance contract that the company has followed up on and determined that the debtors are unable to repay the debt. As a result, the portfolio of hire purchase loan receivables has decreased and impact to the recognition of interest income decreased compared to the previous year. Interest income from car loan contracts and from other loan contracts increased 26% and 61%, respectively, compared to the previous year.

Service and administrative expenses

For the year 2023, the company's service and administrative expenses were Baht 640 million, a decrease of Baht 2 million or 0.3% from the last year. This was mainly due to management and control.

Finance costs

For the year 2023, the company's finance costs were Baht 592 million, a decrease of Baht 8 million or 1% from repaying debts from parent company Baht 1,100 million. This is in accordance with the objective of issuing and offering new ordinary shares for the first time of the company (IPO).

Expected credit loss

For the year 2023, the company's expected credit loss was Baht 3,771 million, an increase of Baht 3,376 million or 855% from the last year. This was the result of write off non-performing loans from hire-purchase contracts that the Company had tracked and assessed to be uncollected. And provision for expected credit losses in accordance with Financial Reporting Standards No. 9, Financial Instruments.

Net Profit (Loss)

For the year 2023, the company's net loss was Baht 2,275 million, last year the company's net profit Baht 667 million. This is mainly due to an increase in expected credit losses from the home and commercial appliance hire purchase and car loan portfolios. and write-off of bad debts on hire purchase loans as mentioned above.

Statements of Financial Position		31 Dec 2023	31 Dec 2022	Increase (Decrease)	
Unit: Million Baht					
Assets					
Cash and cash equivalents		154	3,106	(2,952)	(95%)
Current portion of hire-purchase contract receivables		856	3,439	(2,583)	(75%)
Current portion of loan receivables		2,263	2,006	257	13%
Other current assets		402	118	284	241%
Total current assets		3,675	8,669	(4,994)	(58%)
Hire-purchase contract receivables		716	1,918	(1,202)	(63%)
Loan receivables		8,325	7,030	1,295	18%
Other non-current assets		739	166	573	345%
Total non-current assets		9,780	9,114	666	7%
Total assets		13,455	17,783	(4,328)	(24%)
Liabilities and equity					
Liabilities					
Loan from financial institution		-	65	(65)	(100%)
Loan from parent company		2,354		2,354	100%
Other Current liabilities		217	752	(535)	(71%)
Total current liabilities		2,571	817	1,754	215%
Long-term loans from parent company		7,719	11,173	(3,454)	(31%)
Long-term loan from financial institution		-	4	(4)	(100%)
Other non-current liabilities		44	38	6	16%
Total non-current liabilities		7,763	11,215	(3,452)	(31%)
Total liabilities		10,334	12,032	(1,698)	(14%)
Equity		3,121	5,751	(2,630)	(46%)
Total liabilities and equity		13,455	17,783	(4,328)	(24%)

Assets

As of 31 December 2023, and 31 December 2022, the company had total assets of Baht 13,455 million and Baht 17,783 million, a decrease of Baht 4,328 million or 24% from the last year. The details as follows:

As of 31 December 2023, Cash and cash equivalents was Baht 154 million, a decreased of Baht 2,952 million, or 95% from 31 December 2022 mainly from repaying debts from parent company and financial institutions included interest cost, dividend payments totaled 2,120 Baht million and were used in operating activities of Baht 803 million, which was in line with the objective of issuing and offering new common shares for the first time (IPO).

As of 31 December 2023, The hire-purchase contract receivables was Baht 1,571 million, a decreased of Baht 3,785 million, or 71% from 31 December 2022 mainly from write off non-performing loans from hire-purchase contracts that the Company had tracked and assessed to be uncollected. This was a result of the termination of assistance programs due to the impact of the

COVID-19 pandemic. Meanwhile, the company has a more strict policy in granting loans, causing the new loan amount for hire purchase contracts to decrease.

As of 31 December 2023, The loan contract receivables was Baht 10,589 million, an increase of Baht 1,552 million, or 17% from 31 December 2022 mainly from Car loans portfolio increasing from the funds received from IPO and from the expertise and potential to expand the customer base for entrepreneurs who want to use loans to expand their businesses. Including the expansion of the debt consolidate loan portfolio.

Liabilities

As of 31 December 2023, and 31 December 2022, the company had total liabilities of Baht 10,334 million and Baht 12,032 million, respectively, a decrease of Baht 1,698 million or 14%. The decrease from repaying debts from parent company and financial institutions, which was in line with the objective of issuing and offering new common shares for the first time (IPO).

Shareholder Equity

As of 31 December 2023, and 31 December 2022, the company had shareholder's equity of Baht 3,121 million and Baht 5,751 million, respectively, a decrease of Baht 2,630 million or 46%, mainly from the net operation loss of company in year 2023.

Executives' views on the future direction of operations

Management and the company remain optimistic about its financial position and future performance. Due to the demand for loans, both hire purchase loans, car loans and other loans still increasing. In addition, the company still uses strict credit approval and lending policies. Increase risk analysis in lending to customers Including working proactively in debt collection to reduce impacts and risks that may occur in the future.

Please be informed accordingly,

Yours sincerely,

SG Capital Public Company Limited

(Mr. Anothai Sritiapetch)

Chief Executive Officer