



H.T./SET/007/2024

15 May 2024

**To: Managing Director
The Stock Exchange of Thailand****Re: Management Discussion & Analysis for the 1st quarter ended 31 March 2024 of
Singer Thailand Public Company Limited (the Company) and its subsidiaries (the
Group Company)**

For the 1st quarter 2024, the Group Company had a net profit at Baht 20 million as increased by Baht 863 million or 102.4% from the same period of previous year (for the 1st quarter 2023 had a net loss at Baht 863 million) because in the 1st quarter 2024, the Group Company had significantly decreased from set aside various reserves; expected credit loss and inventories reserve compared with the same period of previous year.

The Group Company would like to explain performance for the 1st quarter ended 31 March 2024, comparing to the same period of previous year as follow:

Statement of comprehensive income (Million Baht)	The 1st quarter		Increase (decrease)	
	2024	2023	Amount	%
Revenues				
Revenue from sales of goods	150	203	(53)	(26.1)
Interest income from hire-purchase contract and loans	427	641	(214)	(33.4)
Other income	43	40	3	7.5
Total revenues	620	884	(264)	(29.9)
Expenses				
Cost of sales of goods	110	590	(480)	(81.4)
Cost of rendering of services	4	5	(1)	(20.0)
Distribution costs and Administrative expenses	261	354	(93)	(26.3)
Total expenses	375	949	(574)	(60.5)
Profit (Loss) from operating activities	245	(65)	310	(476.9)
Finance costs	70	100	(30)	(30.0)
Expected credit loss	145	964	(819)	(85.0)
Gains on measurement of current investments	1	(2)	3	150.0
Profit (Loss) before income tax expense	29	(1,127)	1,156	102.6
Tax expense	5	(192)	197	102.6
Profit (Loss) for the period	24	(935)	959	102.6
Profit (Loss) attributable to non-controlling interests	4	(92)	96	104.3
Profit (Loss) attributable to equity holders of the Company	20	(843)	863	102.4

Total revenue

For the 1st quarter 2024, total revenue of the Group Company had decreased by Baht 264 million or 29.9% compared with the same period of last year. The details of revenue in the consolidated financial statements were as follows:

Revenue from sales of goods

For the 1st quarter 2024, revenue from sales of goods of the Group Company decreased by Baht 53 million or 26.1% respectively, from sales reduction in electrical appliance's product, decrease in number of franchise sales employee. In addition, the subsidiary had changed its credit lending policy to be more stringent to control debt quality. For the 1st quarter 2024, the Company had income from hire purchase sales decreased at Baht 70 million, or 51.1%, compared to the same period of last year.

Cost of Sales of goods

For the 1st quarter 2024, cost of sales of goods decreased by Baht 480 million or 81.4% when compared to the same period of last year because during the period, the Company had reversal an allowance for the declining value of inventories at Baht 56 million, the remaining Baht 166 million was the cost of goods sold as decreased from the same period last year. In the 1st quarter of year 2023, there was a provision for diminution in the value of inventories at Baht 423 million from management reassessed the estimated amount of net realisable value of inventories and there was an assessment of additional reserves for obsolete products and groups of damaged products.

Interest income from hire-purchase contract and loans

For the 1st quarter 2024, interest income from hire-purchase contract and loans of the Group Company decreased by Baht 214 million or 33.4% because the subsidiary had changed its credit lending policy to be more stringent to control debt quality and from writing off hire purchase contract receivables in electrical appliance's product in last year. As a result, the recognition of interest income from hire purchase loans for electrical appliances decreased by 82% from the same period of last year. However, interest income from car for cash loan contracts and employee welfare loan contracts had a higher growth rate of 11% from the same period of last year.

Distribution costs and Administrative expenses

For the 1st quarter 2024, distribution costs and administrative expenses decreased at Baht 93 million or 26.3% because distribution costs decreased at Baht 92 million, which in line with sales reduction. Administrative expenses decreased by Baht 1 million. The company also has a policy to continuously reduce distribution costs and administrative expenses.

Finance costs

For the 1st quarter 2024, finance costs decreased at Baht 30 million or 30.0% because the company had repayment the debentures in during the year 2023 until at the present as described in a part of liabilities and equity.

Expected credit loss

For the 1st quarter 2024, the expected credit loss of the Group Company decreased of Baht 819 million or 85% due to decrease in the electrical appliance hire purchase loan portfolio. The subsidiary had a more stringent lending policy. As a result, the amount of new loans for hire purchase contracts for electrical appliances decreased. In addition, the subsidiary significantly recorded additional provisions for expected credit losses from the termination of assistance programs due to the impact of the COVID-19 pandemic in the 1st quarter 2023.

Statements of financial position

Statement of financial position (Million Baht)	31 MAR 2024	31 DEC 2023	Inc (Dec)	
			Amount	%
Assets				
Current assets	7,334	8,328	(994)	(11.9)
Non-current assets	10,823	10,853	(30)	(0.3)
Total assets	18,157	19,181	(1,024)	(5.3)
Liabilities and equity				
Liabilities				
Liabilities and equity	4,019	3,370	649	19.3
Non-current liabilities	151	1,860	(1,709)	(91.9)
Total liabilities	4,170	5,230	(1,060)	(20.3)
Equity attributable to owners of the parent	13,975	13,944	31	0.2
Non-controlling interests	12	7	5	71.4
Total equity	13,987	13,951	36	0.3
Total liabilities and equity	18,157	19,181	(1,024)	(5.3)

Assets

Total assets of the Group Company decreased at Baht 1,024 million or 5.3% when compared with the year ended 2023. These were separated into current assets decreased at Baht 994 million or 11.9% and non-current assets decreased at Baht 30 million or 0.3%. The significant changes were as follows:

- **Cash and cash equivalents**

The Group Company had cash and cash equivalents in the amount at Baht 3,147 million, a decrease at Baht 568 million or 15.3% compared to the end of 2023 due to repay due debenture by Baht 1,000 million in during the period.

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

Hire purchase contract receivables and loan receivables decreased at Baht 294 million compared with the year ended 2023. Hire-purchases of electronics and others decreased at Baht 120 million or 7.5% mainly due to decrease in the electrical appliance hire purchase portfolio. The subsidiary was more stringent lending policy. As a result, the amount of new loans for hire purchase contracts decreased. Loan receivables also decreased by Baht 174 million or 1.6% because the Company receives payments during the period.

- **Inventories**

Inventories decreased at Baht 49 million or 7.0%, compared with the year ended 2023 because the company had delayed the purchase ordering the goods in during the period.

- **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 10,373 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 1,024 million or 5.3%, compared with the year ended 2023 mainly due to repay due debentures by Baht 1,000 million in during the period.
- Total equity of the Group Company increased at Baht 36 million or 0.3%, compared with the year ended 2023 mainly due to the operating profits of the Group Company.

Liquidity Analysis and Company Future Capital Adequacy

The Company has sufficient cash flow for business operations and debentures repayment. In this regard, the Company has reserved cash flow to pay off the debentures. As of March 31, 2024, the Group Company had cash and cash equivalents and investments in short-term financial assets balance by Baht 3,147 million.

The company has cash flow for the 1st quarter of 2024 as follows.

Statement of cash flow (Million Baht)	The 1st quarter		Inc (Dec)	
	2024	2023	Amount	%
Net cash from (used in) operating activities	541	(665)	1,206	181.4
Net cash (used in) from investing activities	(5)	424	(429)	(101.2)
Net cash used in financing activities	(1,103)	(466)	(637)	(136.7)
Net increase (decrease) in cash and cash equivalents	(567)	(707)	140	19.8
Cash and cash equivalents at 1 January	3,714	4,639	(925)	(19.9)
Cash and cash equivalents at 31 March	3,147	3,932	(785)	(20.0)

Net cash from operating activities was positive at Baht 541 million as increased by Baht 1,206 million when compared to the same period of the previous year because there were more collection in during the period from trade receivables, hire-purchase contracts receivables, loan receivables and other receivables. The Group Company has more efficiency on debt management services.

Net cash used in financing activities at Baht 1,103 million because the debentures were repaid during the period.

Management's view on the future operations performance

Management and the Group Company remains optimistic about its financial position and future performance as the economic situation begins to recover after impact of the COVID-19 pandemic, customers have more potential to repay their loans and even though at present the sales of electrical appliances are decreasing due to more strictly lending policies. The Company has considered using various technologies for identity verification, and collecting money for the quality of sales and collecting money, which will help improve the approval process. The loan business, especially car for cash loans, has become more competitive while interest rates cannot be increased. However, in the 1st quarter 2024, the Group began transforming its business with new financial products related to mobile phone lending that can be locked if the customers do not pay the instalment (Locked Phone). Technology is used to make it easy and fast to apply for loans and approve loans as well as paying customer instalments. These loans provide a high average effective interest rate but the rate of bad debts (NPL) is at a low rate. The management is confident that such product will enable the Group to grow up continuously. In addition, the Group Company also has a policy to reduce expenses continuously.

Kindly be informed,

Yours truly,

Mr. Narathip Wirunechatapant
Chief Executive Officer
Singer Thailand Public Company Limited