

SBNEXT.IR. 027/2567

15 May 2024

Subject: Management Discussion & Analysis for the 1st quarter of Y2024

To: President

The Stock Exchange of Thailand

Sabuy Connex Tech Public Company Limited ("Company" or "SBNEXT") and its subsidiaries ("Group of Companies") hereby provide a summary of the operational results for the three-month ended 31 March 2024, as audited by the Certified Public Accountant. The details are as follows:

Important changes that occurred during the 1st quarter of Y2024

- The company has opened an electronics retail store under the name "Pon Sabay Shop". It has already commenced operations with a total of 6 branches in Bangkok metropolitan area and the Northeastern region.

Summary Q1/2024 of Operating Performance

Revenue

For the three-month period ended 31 March 2024, Sabuy Connex group of companies generated total revenue of 363.65 million Baht. This marks a decrease of 66.67 million Baht or 15.49% from the same period of previous year. The detailed breakdown of the revenue is as follows:

- Revenue from sales: The revenue from sales for the Q1/2024 amounted to 299.13 million Baht, showing a decrease of 76.51 million Baht or 20.37% from the same period of previous year due to the cancellation of the distribution of certain product type through the distributor.
- Interest Income from Lease Contracts: The interest income from lease contracts for the Q1/2024 was 52.61 million Baht, an increase of 11.72 million Baht or 28.67% from the same period of previous year. This increase is a result of expanding sales channels and adjusting the wholesale sales structure, leading to the acquisition of new customers with higher quality and the potential for increased payment capacity.
- Interest Income from Credit Receivables: The interest income from credit receivables for the Q1/2024 amounted to 6.52 million Baht, decreasing by 0.57 million Baht or 8.01% from the same period of previous year. This increase is a result of adjusting the structure of credit provision to customers.

Cost of Goods Sold

The Cost of Goods Sold for Sabuy Connex group of companies for the Q1/2024, amounted to 130.76 million Baht. This represents a decrease of 73.60 million Baht or 36.01 % from the same period of previous year. The cost of goods sold as a percentage of sales revenue for Q1/2024 decreased to 43.72% compared to 54.40% in Q1/2023. This decrease was due to a shift in sales proportions back to focusing on water filter units, which higher gross profit margin.

Distribution Costs

The distribution costs for Sabuy Connex group of companies for the Q1/2024 amounted to 114.13 million Baht, increasing from the same period of previous year's figure of 13.99 million Baht, representing a percentage increase of 13.97%. The proportion of distribution costs to sales revenue is at 38.15%, compared to 26.66% in the same period of previous year. This increase is attributed to the expansion of sales channels as mentioned earlier.

Administrative expenses

Administrative expenses for Sabuy Connex group of companies for the Q1/2024 amounted to 75.77 million Baht, showing a decrease from the same period of previous year's figure of 8.29 million Baht, representing a percentage increase of 9.87%. This reduction is a result of efficiently managing expenses to achieve maximum efficiency.

Expected Credit Loss

For the Q1/2024, Sabuy Connex group of companies incurred an expected credit loss of 88.65 million Baht, an increase from the same period of previous year of 69.55 million Baht, representing an increase of 364.14%. This increase is attributed to the adjustments made in assumptions regarding the provision for expected credit losses and the write-off of debts to ensure coverage and alignment with the current situation.

Net Profit (Loss)

For the Q1/2024, Sabuy Connex group of companies reported a net loss of 93.15 million Baht (compared to a net profit of 14.36 million Baht in Q1/2023). The net loss margin for the Q1/2024 is at 25.62% of total revenue, as explained by the reasons mentioned earlier. However, the Company had losses from investments that were measured at fair value through other comprehensive income for 40.45 million baht, which was a unrealized loss from investments in marketable securities.

Financial Position**Asset**

As of 31 March 2024, Sabuy Connex group of companies reported total assets amounting to 3,189.78 million Baht, reflecting an increase of 17.34 million Baht or 0.55% compared to 31 December 2023. This substantial growth in assets can be attributed to the following key factors:

- Accounts receivable from lease contracts and credit-related receivables, resulting in a decrease of 34.53 million Baht.
- Other financial assets, contributing to an increment of 169.65 million Baht.
- Other current assets leading to an increase of 68.41 million Baht.

Liabilities

As of 31 March 2024, Sabuy Connex group of companies reported total liabilities of 2,162.06 million Baht, an increase of 150.66 million Baht from 31 December 2023. This increase in liabilities was primarily attributed to:

- Borrowings from financial institutions and other business entities and other person, which increased by 59.67 million Baht.
- Short-term borrowings from major companies within the group, amounting to 41.45 million Baht.

The shareholder's equity

As of 31 March 2024, Sabuy Connex group of companies had total equity of 1,027.72 million Baht, compared to 1,161.04 million Baht on 31 December 2023. This represents a decrease of 133.32 million Baht or a reduction of 11.48 %, mainly due to the net loss incurred from the business operations in the period and losses from investments that were measured at fair value through other comprehensive income as described above.

As of 31 March 2024, the company's debt-to-equity ratio was 2.10 times (as of 31 December 2023, the debt-to-equity ratio was 1.73 times), while the book value per share was 1.70 Baht. (As of 31 December 2023, the book value per share was 1.92 Baht per share.)

This information is provided for your reference regarding the company's financial performance and position.

Kindly be informed.

Your truly,

-Kittipol Thanasit-

(Mr. Kittipol Thanasit)

Chief Executive Officer

