



29 February 2024

Subj: Management's Discussion and Analysis
Financial Performance of the year 2023 (Edited)

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 the year 2023 ending 31-Dec-2023, audited by certified auditors. The details are as follows:

Significant Changes in the Year 2023:

The Company has approved the cancellation of investment in additional common shares of TKS by exchanging common shares of AIT due to fluctuations and changes in economic conditions and capital markets both domestically and abroad as well as a more in-depth study of joint management approaches between TKS and AIT. However, the cancellation of the transaction does not affect the good relationship between the Company and TKS, who continues to be a close business partner. The Company has changed the structure to invest in common shares of Turnkey Communication Services Public Company Limited ("TKC") instead and sell common shares of AIT to TKC to create Business Synergy to be concrete and have appropriate consistency with existing businesses and to strengthen the business group in the long term. Consideration of such investment is based on the business interests of TKC and AIT. By conducting business among AIT,TKC and SABUY, all will have a perfect Smart Solutions business approach and can create value for all three.

To reinforce doing business together in the Financial Inclusions business, the Board of Directors' meeting resolved to increase the proportion of investment in NAKON by another 65.96 million shares or 5.29%, as a result, the total shareholding proportion will be 30.29%.

To create value and expand the structure of the Connex business group with SBNEXT as the core, SBNEXT has established Vending Connect Tech to receive the transfer of the vending machine business from Asia Vending Machine Operations Company Limited ("AOC"), which is a subsidiary of the Osathapa Group ("OSP") with an investment value of THB 320 million. It is also preparing to support the restructuring of the company group in 2024 to transfer the Vending Plus from PTECH to be under SBNEXT, which will make SBNEXT a major player in the vending machine business.

On November 1, 2023, GEM Global Yield Fund LLC SCS by 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 which is GEM's first investment in Thailand by investing in 20.585 million shares and is the number 10 shareholder (excluding companies within SABUY group).



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The Company's Board of Directors meeting resolved to approve the sale of 87.2 million shares from the first Treasury share project after they could not be sold after resale period. , Therefore, those shares were used to reduce the total paid-up registered capital. And the Company's Board of Directors resolved to approve the second Treasury share project, amounting to 95 million shares, in an amount not exceeding THB 617.5 million.

In the second half of the year, the economic situation slowed down due to investment and new job creation at the macro level, especially the money/bond market. The Company decided to place the utmost importance on the liquidity of the Group. Therefore, the Company decided to liquidate TKC shares in 4Q/2023, even though it had only been approved at the end of 2Q/2023 as creating additional value with TKC may take some time while the liquidity situation is definitely more urgent and important .

Strategy and Objectives for the Year 2024

To prepare for the macro economic conditions that affect the spending ability of micro consumers as a continuation from the second half of 2023, the Group focuses on increasing organizational efficiency, reducing costs and redundancies and considers liquidity to be a top priority that is focused on and strictly managed.

As a result of the economic situation and money/bond market conditions in the second half of 2023, the Group decided to move forward with a more compact business restructuring focusing on 5 main businesses including SABUY, SBNEXT, PTECH, SABUY SPEED (Drop-Off business group) and Asphere by strictly focusing on earning income and being strict about sales per person and team, expanding the market to other segments, expanding products, and expanding cross-selling within the Group to cover consumers' needs. This will result in the Company's income stream (Revenue Momentum) being more stable in the future.

However, the Company will continue to proceed according to plan, both in terms of investment in AS and investment between TKC-AIT, to be completed. In this regard, the company has adjusted the business plan and planned to solve problems including guidelines for continuous prevention for the highest benefit of the organization.

Financial Performance for year 2023 (ending 31-Dec-2023)

	Q4'22 THB mm	Q3'23 THB mm	Q4'23 THB mm	Change Y-on-Y	Change Q-on-Q	12'22 THB mm	12'23 THB mm	Change Y-on-Y
Revenue from rendering service	702.8	695.7	665.6	-5.29%	-4.32%	2,007.4	2,715.7	35.28%
Revenue from sales of goods	1,588.8	1,621.3	1,207.4	-24.00%	-25.53%	2,684.6	6,187.6	130.48%
Revenue from Rendering of Contract and interest	114.0	140.8	154.2	35.28%	9.54%	361.9	576.9	59.40%
Other income	86.0	(0.2)	35.3	-59.01%	99.57%	288.1	140.2	-51.33%
Dividend income	-	(0.0)	3.6	-	-100.00%	-	9.4	-
Total Revenue	2,491.6	2,457.6	2,066.1	-17.08%	-15.93%	5,342.0	9,629.8	80.27%
Gross profit	590.2	666.6	589.7	-0.09%	-11.54%	1,400.2	2,429.7	73.53%
Total Expenses	464.7	619.6	1,072.3	130.74%	73.06%	1,180.3	2,734.2	131.65%
Net Income from Equity Instruments	502.1	10.3	(10.3)	-102.05%	-200.00%	1,404.7	254.6	-81.88%
Net profit	611.0	7.2	(739.1)	-220.96%	-10393.33%	1,609.2	(317.3)	-119.71%
Net profit of parent	517.9	37.3	(573.7)	-210.77%	-1638.79%	1,482.1	(189.8)	-112.81%
Gross profit %	24.54%	27.12%	29.09%			27.70%	25.63%	
Net profit %	25.40%	0.29%	-36.46%			31.84%	-3.35%	
Earning per shares ¹	THB 0.3	0.1	0.02			0.71	(0.11)	

Note: 1. Calculated from no. of shares of 1,766.50 million shares as of 31 December 2023.

Revenue

Total Revenue of the Company was THB 9.6 billion, representing an increase of 80% from the last year with the details as follows:

- Revenue from services amounted to THB 2.7 billion, increasing by 35% from the last year from SPEED, SABUY Alliance, BzB, iSoftel and Marketing Oops businesses, while revenue from existing businesses such as Top-up machines continues to slow down, along with more revenue from top-up machines coming from banking agents, causing SABUY Money's income to increase moderately.
- Revenue from sales amounted to THB 6.2 billion, increasing by 131% from the last year from SBNEXT, VDP, SABUY Market & Food, PTECH, BzB, LOVLS businesses.
- Revenue from rendering of contract and interest income from installment sales amounted to THB 577 million, increasing by 59% from the last year which mainly came from the LOVLS business which increased exponentially and SBNEXT which increased 3 times while SBT decreased slightly.

Gross profit

The gross profit for the year 2023 was THB 2.4 billion, increasing by 74% compared to the last year. This change was primarily due to the higher cost of products and the intense market competition in logistics sector resulted in the SPEED business's margin decreasing by approximately 1%, coupled with increasing sales from the wholesale business through SABUY Market and SABUY Food Plus, which have relatively low margins.

Total expenses

Total expenses for Q4/2023 was THB 1.1 billion, increasing by 128% compared to the Q3/2023, as a result, full-year expenses were at THB 2.7 billion, increasing by 131% from the previous year. The increase was due to an increase of 130% from restructuring expenses of THB 620 million, increasing by THB 308 million from the same period last year, or 99%. 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 Krongsabay 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, as well as consulting fees and amortization of intangible assets from business combinations. 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.

Net Profit

The company reported a loss in Q4/2023 of THB 574 million, resulting in a loss in 2023 of THB 190 million, with the reasons as follows:

- As a result of challenging economic conditions both domestically and globally, several industries and sectors have faced liquidity issues, many listed companies have not paid or postponed payments in the money market and the bond market, coupled with commercial banks tightening their control over lending and waiting to see whether companies have potential to repay or not, SABUY decided to sell investments that are not core businesses (non-core) as well as businesses that may take time to create value by selling 12% investment in TKC in 4Q/2023 and the remaining 4% in 1Q/2024 by focusing on maintaining the liquidity of the Group. **The company recognize sales transaction of TKC in other comprehensive income (OCI) this result to shareholder's equity decreased amount Baht 350 million and measurement residual balance of TKC investment at year end with market price this result to shareholder's equity decreased amount Baht 120 million.**
- SBNEXT along with companies in the group such as Alpine, Safe Trade and Thiensurat Leasing (TSRL), the Group decided to be more conservative in granting loans to retail borrowers as well as setting of a more conservative provision for bad debts in 2023 in the amount of THB 140 million which can help absorb impact in 2024.
- As a result of restructuring the organization to reduce redundancies, the Group has incurred restructuring expenses by reducing employees by approximately 12% from the target set at 35%, with the goal of reducing employee expenses approximately THB 200-250 million in 2024, such as personnel costs, buildings and facilities, which such expenses are approximately THB 35 million.
- SBNEXT has changed the method of recording land value from cost to revalued value in Q3/2023, resulting in the recognition of a loss from land valuation in the Q4/2023 in the amount of THB 43 million. In addition, SBNEXT is in the process of

improving land use (expected to be completed in 1Q/2024) in which SBNEXT can reverse this loss and recognize a profit in 2024.

- To enhance efficiency and future performance, the Group has invested in developing various systems to reduce reliance on personnel in which such expenses are expenses for the development of the IT system, with an investment value of approximately THB 150-200 million and will be gradually recognized from Q4/2023 onwards.

The Company has seen the future situation and has made adjustments to management in various dimensions, including work processes, management, and control, with the aim of maintaining liquidity. All these arrangements are special events that should only occur once in the fourth quarter to prepare for stable growth in the future.

Details of Significant Changes in Operating Results for the year 2023 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
Q2-2023			
Nakornluang Capital Plc	1,309	1,219	96
Total Gain/(Loss) from value of investments through profit and loss for the year 2023			254

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).

Statement of financial position at the end of 31-Dec-2023

Description	For the period as of					
	31-Dec-22		31-Dec-23		Change	
	THB mm	%	THB mm	%	THB mm	%
Total Assets	19,267.5	100.00	20,851.3	100.00	1,583.8	8.22
Total Liabilities	7,315.8	37.97	9,884.9	47.41	2,569.1	35.12
Total shareholders and equity	11,951.7	62.03	10,966.4	52.59	(985.2)	(8.24)
Equity of Parent	9,494.3	49.28	7,894.4	37.86	(1,599.9)	(16.85)
Current Ratio (Time)	0.92		0.72			
Debt to Equity Ratio (Time)	0.61		0.91			
Interest Bearing Debt to Equity (Time)	0.48		0.76			

Total Assets

Total assets as of 31-Dec-2023 increased by THB 1.5 billion or 8% from 31-Dec-2022 mainly resulting from:

1. Capital increase in AS amounting to THB 272 million and the increase in valuation of investment in securities by THB 254 million.
2. Current assets increased by THB 860 million.
3. Increased in land, buildings, equipment, and intangible assets from business expansion, totaling THB 926 million.
4. Other assets from business consolidation

Total Liabilities

Total liabilities as of 31-Dec-2023 increased by THB 2.5 billion or 35% from 31-Dec-2022 resulting from an increase of debenture and other liabilities from business expansion.

Shareholders' Equity

Shareholders' equity as of 31-Dec-2023 slightly decreased by THB 1 billion or 9% from 31-Dec-2022 due to share buyback that occurred in Q2/2023 and Q4/2023.

Analysis of Key Financial Ratios

Current Ratio

The current ratio as of 31-Dec-2023 was 0.72, slightly decreased compared to 31-Dec-2022 at 0.92 from the increase in debt from business expansion.

Debt-To-Equity Ratio and Interest Bearing Debt to Equity

The debt-to-equity and Interest-Bearing Debt to Equity ratio as of 31-Dec-2023 increased to 0.91 and 0.76, respectively, compared to 31-Dec-2022 at 0.61 and 0.48, respectively. This is a result of an increase in debt from issuing bonds and loans to financial institutions to support the expansion of the business structure, together with a decrease in shareholders' equity from the Treasury Share project.

Please be informed accordingly



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Sincerely yours,

(Mr. Wirach Morakotkarn)
Chief Executive Officer