



15 May 2024

Subj: Management's Discussion and Analysis
Financial Performance of the 1st Quarter of 2024

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 1st Quarter of 2024 ending 31-Mar-2024, reviewed by auditors. The details are as follows:

Significant Changes in the 1st Quarter of 2024

The Group has sold all of its common shares in Double Seven Company Limited ("DOU7"), representing 40% of the registered capital, to Com7 Public Company Limited ("COM7"). In return, the Group received common shares in the Company as compensation. This transaction aims to divest businesses that are not related to the Group's core operations, allowing the Company to fully utilize its resources and focus on its primary business. The transaction does not impact on the Company's cash flow in any manner.

On March 19, 2024, the Company announced the ending of Share Repurchases Program for financial management purposes. The Company repurchased a total of 95 million shares, amounting to a total value of THB 496.19 million.

The Company has approved the cancellation of its investment in all common shares of Asphere Innovations Public Company Limited ("AS") through a Conditional Voluntary Tender Offer. This decision was made since the Company did not receive adequate credit facilities from financial institutions in a timely manner to use as funding for the AS tender offer. The terms and conditions of the credit facilities were deemed appropriate by the Company. Despite the Company's best efforts in negotiating with financial institutions both domestically and internationally over the past period, the overall economic conditions and ongoing uncertainties, along with the Company's ongoing efforts to strengthen its financial position, have led to the decision to cancel the tender offer. Nevertheless, the Company continues to hold 24.80% of AS's common shares with voting rights. Both companies maintain a strategic business partnership, with AS remaining an affiliated company within the Group, focusing on digital business operations within the DEC Ecosystem (Digital Enterprise Consumer). This continued partnership aims to maximize the benefits for the shareholders.

To enhance the Group's financial liquidity, which is considered urgent, on April 9, 2024, the Company approved a proposal to be presented at the Extraordinary General Meeting of Shareholders No. 1/2024. The proposal seeks approval for an increase in registered capital by THB 2.5 billion. This increase will be achieved through the issuance of new common shares for sale and allocation through private placement investors as follows:

- (1) Allocation of newly issued common shares for capital increase of the Company, totaling 1.3 billion shares through private placement, which are divided as follows: (a) 1.2 billion shares to be issued and offered to Lightnet (Singapore) Pte. Ltd. (“Lightnet”), and (b) 100 million shares to be issued and offered to Mr. Anonchai Veerapravati (“Mr. Anonchai”) at a selling price of THB 2.30 per share.
- (2) Allocation of newly issued common shares for capital increase of the Company, totaling 1.21 billion shares, to accommodate the exercise of rights under warrants, totaling 1.21 billion units, which are divided as follows: (a) Warrants to purchase newly issued common shares of the Company, Series 3 (SABUY-W3), totaling 800 million units, allocated to Lightnet, (b) Warrants to purchase newly issued common shares of the Company, Series 4 (SABUY-W4), totaling 60 million units, allocated to Mr. Anonchai, and (c) Warrants to purchase newly issued common shares of the Company, Series 5 (SABUY-W5), totaling 350 million units, allocated to Hiwell Global Co., Ltd. (“Hiwell”), at a price equal to THB 3.00 per share.

The Company places the highest priority on ensuring the liquidity of the Group. Consequently, the issuance of newly issued common shares and the execution of rights under warrants empower the Company to utilize the proceeds obtained from these transactions for debt repayment, encompassing convertible bonds and long-term borrowings of the Group, and/or as working capital for future operations.

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. For the business plan of the year 2024, the Group will concentrate on implementing a new business framework known as DEC, or Digital Enterprise Consumer, comprising the following business segments:

- (1) Digital encompasses enterprises such as AS game, Bitkub, E-money, Market Tech, Cloud, Speed, and Marketing Oops! These enterprises epitomize the future and will propel Thailand into the digital era in a manner accessible to all.
- (2) Enterprise comprises businesses such as Card, Buzzebees CRM, Call Center, and Broker insurance. These are B2B enterprises aimed at enhancing the business environment.

- (3) Consumer includes businesses such as SBNEXT direct to home, Ponsabuy, and Vending machine. These enterprises aim to engage communities through vending machines and retail outlets offering convenient credit-based purchases of electrical appliances and water purifiers.

While the processes of capital increase for private placement and the issuance of warrants allocated to limited individuals, including the Lightnet group and partners, are currently underway, the Company foresees benefits from the involvement of new shareholders which not only contributes to strengthening the Company's business but also enhances its financial robustness. Moreover, demonstrating a commitment to enhancing our business operations, the Lightnet Group has initiated collaboration with our Group to devise strategies across multiple fronts. For example, capitalizing on Speed's extensive network of courier delivery branches, numbering over 24,000 nationwide, to facilitate transactions introduced by the Lightnet Group, thereby bolstering revenue for these branches. Additionally, joint efforts are underway to enhance customer relationship management (CRM) systems to maximize the utilization of customer points or rewards. Furthermore, support is extended to AS to accomplish its objectives of diversifying its business beyond online gaming, expanding its customer base, and facilitating transactions for e-wallet systems such as SABUY Money. Subsequently, upon becoming a major shareholder, the Lightnet Group has plans to assist the Group in developing data management systems. These systems involve a significant amount of data with the aim of deriving benefits for the customers of the Group.

Financial Performance the 1st Quarter of 2024 (ending 31-Mar-2024)

	Q1'23	Q4'23	Q1'24	Change	Change	3M'23	3M'24	Change
	THB mm	THB mm	THB mm	Y-on-Y	Q-on-Q	THB mm	THB mm	Y-on-Y
Revenue from rendering service	668.2	665.6	620.4	-7.1%	-6.8%	668.2	620.4	-7.1%
Revenue from sales of goods	1,674.8	1,207.4	1,102.4	-34.2%	-8.7%	1,674.8	1,102.4	-34.2%
Revenue from Rendering of Contract and								
interest income from installment sales	136.6	154.2	134.3	-1.7%	-12.9%	136.6	134.3	-1.7%
Other income	50.5	35.3	33.1	-34.4%	-6.2%	50.5	33.1	-34.4%
Dividend income	3.7	3.6	-	-100.0%	-100.0%	3.7	-	-100.0%
Total Revenue	2,533.7	2,066.1	1,890.2	-25.4%	-8.5%	2,533.7	1,890.2	-25.4%
Gross profit	578.0	589.7	578.1	0.0%	-2.0%	578.0	578.1	0.0%
Total Expenses	500.2	1,072.3	752.1	50.4%	-29.9%	500.2	735.8	50.4%
Loss from sales investment in associates	-	-	(1,050.7)		525.4%	-	(1,050.7)	0.0%
Loss from impairment of intangibles assets	-	-	(749.0)			-	(749.0)	0.0%
Net profit	213.2	(739.1)	(2,253.0)	-1157.0%	204.8%	213.2	(2,253.0)	-1157.0%
Net profit of parent	167.0	(573.7)	(1,960.7)	-1274.4%	241.8%	167.0	(1,960.7)	-1274.4%
Gross profit	%	23.3%	29.1%	31.1%		23.3%	31.1%	
Net profit	%	8.6%	-36.5%	-121.3%		8.6%	-121.3%	
Earning per shares ¹	Baht	0.1	-0.3	-1.1		0.1	-1.1	

Note: 1. Calculated from no. of shares of 1,766.50 million shares as of 31 March 2024.

Summary of Operational Results for the 1st Quarter of 2024 (ending 31-Mar-2024)

Revenue

Total Revenue of the Company was THB 1.89 billion, representing a decrease of 8.5% from the previous quarter and 25.4% from the same period last year with the details as follows:

- Revenue from services amounted to THB 620.4 million, slightly decreasing by 6.8% from the previous quarter and 7.1% from the same period last year in which revenue from SPEED, SABUY Alliance, iSoftel, and top-up machine services slightly decreased.
- Revenue from sales amounted to THB 1,102.4 million, slightly decreasing by 8.7% from the previous quarter and 34.2% from the same period last year. This decline is primarily due to the discontinuation of the consumer goods wholesale business from Sabuy Market Plus, which had a low gross profit margin, resulting in a significant reduction in sales compared to the same period last year.
- Revenue from rendering of contract and interest income from installment sales amounted to THB 134.3 million, decreasing by 12.9% from the previous quarter and 1.7% from the same period last year. This decline is primarily due to stricter credit loss allowance recording in the SBNEXT and LOVLS businesses.

Gross profit

The gross profit for the Q1/2024 was THB 578.1 million, with a gross profit margin of 31.1%, increasing by 29.1% from the previous quarter and 23.3% from the same period last year. The increase in the gross profit margin for Q1/2024 is primarily due to the discontinuation of the consumer goods wholesale business from Sabuy Market Plus, which had a low gross profit margin.

Total expenses

Total expenses for Q1/2024 was THB 752.1 million, decreasing by 29.9% from the previous quarter and increasing by 50.4% from the same period last year. In the previous quarter, the Company incurred significant expenses related to business expansion, including increasing distribution channels, expanding branches, and marketing expenses to boost sales for both SBNEXT and LOVLS. These costs have begun to decrease due to the reduction of one-time expenses that did not recur in Q1/2024. However, compared to the same period last year, expenses increased since the business expansion-related costs were minimal in Q1/2023. 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 200 million and will be recognized amortization expenses from Q4/2023 onwards.

Net Profit

The Company reported a loss in Q1/2024 of THB 2,253.0 million, with a net loss attributable to the parent company amounting to THB 1,960.7 million. This was primarily due to the recognition of a loss from the disposal of the investment in DOU7 amounting to THB 995.60 million. This divestment involved a non-core business, allowing the Company to better allocate resources and focus on its core operations. Additionally, there was a recognition of

an impairment loss of THB 575.60 million on goodwill and intangible assets related to the investment in SBNEXT, due to indications that the Company might lose control of the subsidiary in Q2/2024. Furthermore, there was a recognition of a loss of THB 191.56 million on investments in Citysoft, Ocapital, Sabuy Alliance, Oops Network, and Redhouse, stemming from indications that these businesses might not align with the business plan of Lightnet, the new major shareholder expected to invest in Q2/2024.

Statement of financial position at the end of 31-Mar-2024

Description	For the period as of					
	31-Dec-23		31/3/2024		Change	
	THB mm	%	THB mm	%	THB mm	%
Total Assets	20,848.6	100.00	17,615.7	100.00	(3,232.8)	(15.51)
Total Liabilities	9,884.9	47.41	9,865.4	56.00	(19.5)	(0.20)
Total shareholders and equity	10,963.7	52.59	7,750.4	44.00	(3,213.3)	(29.31)
Equity of Parent	7,905.8	37.92	4,990.3	28.33	(2,915.5)	(36.88)
Current Ratio (Time)	0.72		0.63			
Debt to Equity Ratio (Time)	0.90		1.27			
Interest Bearing Debt to Equity (Time)	0.76		1.05			

Total Assets

Total assets as of 31-Mar-2024 decreased by THB 3.23 billion or 15% from 31-Dec-2023 mainly resulting from:

- Disposal of investment in DOU7 amounting to THB 1,335.63 million.
- Recognition of loss from impairment of intangible assets and goodwill amounting to THB 748.96 million.

Total Liabilities

Total liabilities as of 31-Mar-2024, changed slightly compared to from 31-Dec-2023.

Shareholders' Equity

Shareholders' equity as of 31-Mar-2024 decreased by THB 3.21 billion or 29.31% from 31-Dec-2023. This decrease was primarily due to an increase in treasury shares and an increase in accumulated losses from the current period's losses.

Analysis of Key Financial Ratios

Current Ratio

The current ratio as of 31-Mar-2024 was 0.63, slightly decreased compared to 31-Dec-2023 at 0.72 from the increase in debt.

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

The debt-to-equity and Interest-Bearing Debt to Equity ratio as of 31-Mar-2024 increased to 1.27 and 1.05, respectively, compared to 31-Dec-2023 at 0.90 and 0.76, respectively. This is a result of an increase in debt from issuing bonds and loans to financial



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institutions to support the expansion of the business structure, together with the decrease in shareholders' equity from share buybacks and the aforementioned accumulated losses.

Please be informed accordingly.

Sincerely yours,

(Mr. Wirach Morakotkarn)
Group Chief Executive Office