

15 May 2024

No. SGC019/2024  
 To The President  
 The Stock Exchange of Thailand

Subject Management Discussion and Analysis for the 1st quarter of 2024

We, SG Capital Public Company Limited (“the company”), are pleased to provide you our management discussion and analysis for the 1st quarter of 2024, as follows:

Statement of income Unit: Million Baht	Jan-Mar 2024	Jan-Mar 2023	Increase (Decrease)	
<b>Income</b>				
Interest income from hire-purchase contracts and loans	424	646	(222)	(34%)
Other income	12	12	-	-
<b>Total income</b>	<b>436</b>	<b>658</b>	<b>(222)</b>	<b>(34%)</b>
<b>Expenses</b>				
Service and administrative expenses	137	176	(39)	(22%)
<b>Total expenses</b>	<b>137</b>	<b>176</b>	<b>(39)</b>	<b>(22%)</b>
<b>Profit from operating activities</b>	<b>299</b>	<b>482</b>	<b>(183)</b>	<b>(38%)</b>
Finance costs	(147)	(157)	(10)	(6%)
Expected credit loss	(129)	(781)	(652)	(83%)
<b>Profit(Loss) before income tax expense</b>	<b>23</b>	<b>(456)</b>	<b>479</b>	<b>105%</b>
Tax income (expenses)	(5)	88	93	106%
<b>Profit(Loss) for the year</b>	<b>18</b>	<b>(368)</b>	<b>386</b>	<b>105%</b>

### 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 loan, Click2Gold loan, and others). And Other income from fee and commission revenues, etc.

For the 1st quarter 2024, the company’s total income was Baht 436 million, a decrease of Baht 222 million or 34% from the same period of 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 1st quarter 2024, the company interest income from hire-purchase contracts and loans were Baht 424 million, a decrease of Baht 222 million or 34% from the same period of the last year. Due to company has a more stringent credit approval loan policy, Home & Commercial Appliances hire purchase loan portfolio decreased including having high non-performing debt. As a result, the recognition of interest income from hire purchase loans for electrical appliances decreased by 82% from the same period last year. As for interest income from Car Loan contracts and Debt Consolidation loan contracts increased to 11% compared to the same period of the last year.

### **Service and administrative expenses**

For the 1st quarter 2024, the company's service and administrative expenses were Baht 137 million, a decrease of Baht 39 million or 22% from the same period of the last year. The main reason is the cost control policy. And increasing work efficiency by using KPI principles as indicators and continuous expense control.

### **Finance costs**

For the 1st quarter 2024, the company's finance costs were Baht 147 million, a decrease of Baht 10 million or 6% due to repaying debt from parent company in last year Baht 1,100 million.

### **Expected credit loss**

For the 1st quarter 2024, the company's expected credit loss was Baht 129 million, a decrease of Baht 652 million or 83% from the same period of the last year. Due to a decrease of the home and commercial appliance contract from the company has a more stringent credit approval loan policy, causing the new loan amount for hire purchase contracts to decrease. In addition the same period of the last year also recorded additional provisions for expected credit losses increasing significant. This was a result of the termination of assistance programs due to the impact of the COVID-19 pandemic. As result in the 1st quarter 2024, the company did not record expected credit losses as large as last year.

### **Net Profit (Loss)**

For the 1st quarter 2024, the company's net profit was Baht 18 million, the same period of last year the company's net loss Baht 368 million. mainly due to net profit from a decrease in expected credit losses from the home and commercial appliance hire purchase and car loan portfolios and a decrease from service and administrative expenses as mentioned above.

Statements of Financial Position Unit: Million Baht	31 Mar 2024	31 Dec 2023	Increase (Decrease)	
<b>Assets</b>				
Cash and cash equivalents	624	154	470	305%
Current portion of hire-purchase contract receivables	689	856	(167)	(20%)
Current portion of loan receivables	2,362	2,263	99	4%
Other current assets	313	402	(89)	(22%)
<b>Total current assets</b>	<b>3,988</b>	<b>3,675</b>	<b>313</b>	<b>9%</b>
Hire-purchase contract receivables	775	716	59	8%
Loan receivables	8,251	8,325	(74)	(1%)
Other non-current assets	741	739	2	0.3%
<b>Total non-current assets</b>	<b>9,767</b>	<b>9,780</b>	<b>(13)</b>	<b>(0.1%)</b>
<b>Total assets</b>	<b>13,755</b>	<b>13,455</b>	<b>300</b>	<b>2%</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Current portion of long-term Loan from parent company	3,948	2,354	1,594	68%
Other Current liabilities	202	217	(15)	(7%)
<b>Total current liabilities</b>	<b>4,150</b>	<b>2,571</b>	<b>1,579</b>	<b>61%</b>
Long-term loans from parent company	6,424	7,719	(1,295)	(17%)
Other non-current liabilities	42	44	(2)	(5%)
<b>Total non-current liabilities</b>	<b>6,466</b>	<b>7,763</b>	<b>(1,297)</b>	<b>(17%)</b>
<b>Total liabilities</b>	<b>10,616</b>	<b>10,334</b>	<b>282</b>	<b>3%</b>
<b>Equity</b>	<b>3,139</b>	<b>3,121</b>	<b>18</b>	<b>1%</b>
<b>Total liabilities and equity</b>	<b>13,755</b>	<b>13,455</b>	<b>300</b>	<b>2%</b>

### Assets

As of 31 March 2024, and 31 December 2023, the company had total assets of Baht 13,755 million and Baht 13,455 million, an increase of Baht 300 million or 2% from the last year. The mainly due to:

As of 31 March 2024, Cash and cash equivalents was Baht 624 million, an increase of Baht 470 million, or 305% from 31 December 2023 mainly increase net cash from operating activities from the company strict policy in new loans and cost control.

As of 31 March 2024, the hire-purchase contract receivables was Baht 1,464 million, a decreased of Baht 108 million, or 7% from 31 December 2023 mainly from the company has a more stringent credit approval loan policy, causing the new loan amount for hire purchase contracts to decrease.

As of 31 March 2024, the loan contract receivables was Baht 10,613 million, an increase of Baht 25 million, or 0.2% from 31 December 2023 mainly the expansion of the debt consolidation loan portfolio.

### **Liabilities**

As of 31 March 2024, and 31 December 2023, the company had total liabilities of Baht 10,616 million and Baht 10,334 million, respectively, an increase of Baht 282 million or 3%, an increase from new loan from parent company of Baht 300 million.

### **Shareholder Equity**

As of 31 March 2024, and 31 December 2023, the company had shareholder's equity of Baht 3,139 million and Baht 3,121 million, respectively, an increase of Baht 18 million or 1%, mainly from the net profit of company in 1st quarter 2024.

### **Executives' views on the future direction of operations**

Management and the company remain optimistic about its financial position and future performance. As the economic situation begins to recover after the outbreak of the coronavirus disease 2019, customers have more potential to repay their loans. In 2024, the Company launched new financial products to mobile phone lending ("Locked phone") that able to lock usage if customer doesn't pay. The company implement the technology to make it easy and quick to apply and approval loan until to repayment from customers. The management is confident that new financial products will make the company grow continuously.

Please be informed accordingly,

Yours sincerely,

SG Capital Public Company Limited

(Mr. Anothai Sritiapetch)

Chief Executive Officer