



H.T./SET/009/2024

9 August 2024

**To: Managing Director
The Stock Exchange of Thailand****Re: Management Discussion & Analysis for the three-month and six-month period ended 30 June 2024 of Singer Thailand Public Company Limited (the Company) and its subsidiaries (the Group Company)**

For the three-month ended 30 June 2024, the Group Company had a net profit attributable to owners of parent at Baht 28 million as increased by Baht 2,424 million or 101.2% from the same period of previous year and for the six-month period ended the same period, the Group Company had a net profit attributable to owners of parent at Baht 49 million as increased by Baht 3,288 million or 101.5% from the same period of previous year (for the three-month period ended 30 June 2023 had a net loss at Baht 2,396 million and for the six-month period ended 30 June 2023 had a net loss at Baht 3,239 million) because in between 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 three-month period and the six-month period ended 30 June 2024, comparing to the same period of previous year as follow:

Statement of comprehensive income (Million Baht)	For the three-month period		Increase (decrease)		For the six-month period		Increase (decrease)	
	2024	2023	Amount	%	2024	2023	Amount	%
Revenues								
Revenue from sales of goods	146	212	(66)	(31.1)	295	415	(120)	(28.9)
Interest income from hire-purchase contract and loans	423	531	(108)	(20.3)	849	1,172	(323)	(27.6)
Other income	51	53	(2)	(3.8)	95	93	2	2.2
Total revenues	620	796	(176)	(22.1)	1,239	1,680	(441)	(26.3)
Expenses								
Cost of sales of goods	117	718	(601)	(83.7)	226	1,343	(1,117)	(83.2)
Cost of rendering of services	4	5	(1)	(20.0)	7	10	(3)	(30.0)
Distribution costs	110	182	(72)	(39.6)	210	375	(165)	(44.0)
Administrative expenses	181	286	(105)	(36.7)	342	448	(106)	(23.7)
Total expenses	412	1,191	(779)	(65.4)	785	2,176	(1,391)	(63.9)
Profit (Loss) from operating activities	208	(395)	603	152.7	454	(496)	950	191.5
Finance costs	57	98	(41)	(41.8)	128	197	(69)	(35.0)
Expected credit loss	100	2,914	(2,814)	(96.6)	244	3,843	(3,599)	(93.7)
Gains on measurement of current investments	-	1	(1)	(100.0)	1	(1)	2	200.0
Profit (Loss) before income tax expense	51	(3,408)	3,459	101.5	81	(4,535)	4,616	101.8
Tax expense	13	(531)	544	102.4	18	(722)	740	102.5
Profit (Loss) for the period	38	(2,877)	2,915	101.3	63	(3,813)	3,876	101.7
Profit (Loss) attributable to non-controlling interests	10	(481)	491	102.1	14	(574)	588	102.4
Profit (Loss) attributable to owners of parent	28	(2,396)	2,424	101.2	49	(3,239)	3,288	101.5

Total revenue

For the three-month period and six-month period ended 30 June 2024, total revenue of the Group Company had decreased by Baht 176 million or 22.1% and by Baht 441 million or 26.3% compared with the same period of last year, respectively. The details of revenue in the consolidated financial statements were as follows:

Revenue from sales of goods

For the three-month period and six-month period ended 30 June 2024, revenue from sales of goods of the Group Company decreased by Baht 66 million or 31.1% and by Baht 120 million or 28.9% 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 three-month period and six-month period ended 30 June 2024, the Company had income from hire purchase sales from electrical appliance and mobile phone decreased at Baht 43 million, or 38.8% and by 117 million or 47.5%, respectively, compared to the same period of last year.

Cost of Sales of goods

For the three-month period and six-month period ended 30 June 2024, cost of sales of goods of the Group Company decreased by Baht 601 million or 83.7% and by Baht 1,117 million or 83.2% 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 86 million, the remaining Baht 312 million was the cost of goods sold as decreased from the same period last year, there was a provision for diminution in the value of inventories at Baht 942 million.

Interest income from hire-purchase contract and loans

For the three-month period and six-month period ended 30 June 2024, interest income from hire-purchase contract and loans of the Group Company decreased by Baht 108 million or 20.3% and by Baht 323 million or 27.6% from the same period last year, respectively, 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 previous year. Then, the total AR-hire purchase portfolio significantly decreased.

Distribution costs and Administrative expenses

For the three-month period and six-month period ended 30 June 2024, distribution costs and administrative expenses of the Group Company decreased at Baht 177 million or 37.8% and at Baht 271 million or 32.9% from the same period last year, respectively, because distribution costs decreased at Baht 72 million and at Baht 165 million, respectively, which in line with sales reduction. Administrative expenses decreased at Baht 105 million and at Baht 106 million, respectively. The company also has a policy to continuously reduce distribution costs and administrative expenses.

Finance costs

For the three-month period and six-month period ended 30 June 2024, finance costs decreased at Baht 41 million or 41.8% and at Baht 69 million or 35.0% from the same period last year, respectively, 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 three-month period and six-month period ended 30 June 2024, the expected credit loss of the Group Company decreased of Baht 2,814 million or 96.6% and of Baht 3,599 million or 93.7% from the same period last year, respectively, 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 2nd quarter 2023.

Statements of financial position

Statement of financial position (Million Baht)	30 JUN 2024	31 DEC 2023	Inc (Dec)	
			Amount	%
Assets				
Current assets	7,927	8,328	(401)	(4.8)
Non-current assets	10,230	10,853	(623)	(5.7)
Total assets	18,157	19,181	(1,024)	(5.3)
Liabilities and equity				
Liabilities				
Liabilities	4,000	3,370	630	18.7
Non-current liabilities	139	1,860	(1,721)	(92.5)
Total liabilities	4,139	5,230	(1,091)	(20.9)
Equity attributable to owners of the parent	13,997	13,944	53	0.4
Non-controlling interests	21	7	14	200.0
Total equity	14,018	13,951	67	0.5
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 401 million or 4.8% and non-current assets decreased at Baht 623 million or 5.7%. The significant changes were as follows:

- **Cash and cash equivalents**

The Group Company had cash and cash equivalents in the amount at Baht 3,619 million, a decrease at Baht 95 million or 2.6% compared to the end of 2023 due to repayment debenture by Baht 1,000 million during the period.

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

Hire purchase contract receivables and loan receivables decreased at Baht 680 million compared with the year ended 2023. Hire-purchases of electronics and others increased at Baht 15 million or 0.9% mainly due to increase in the locked phone hire purchase portfolio. The subsidiary had a more stringent lending policy. As a result, the amount of new loans for hire purchase contracts decreased. Loan receivables also decreased by Baht 695 million or 6.4% because the Company received payments during the period.

- **Inventories**

Inventories decreased at Baht 130 million or 18.5%, 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 10,173 million, which is scheduled to be repaid according to the loan contract within one year the amount at Baht 5,757 million and over one year at Baht 4,416 million, the subsidiary has plan for repayment by using the Capital increase to repay in part the remaining amount that will be gradually repaid within 2028

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 and lease liabilities decreased at Baht 50 million.
- Total equity of the Group Company increased at Baht 67 million or 0.5%, 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 June 30, 2024, the Group Company had cash and cash equivalents balance by Baht 3,619 million.

The company has cash flows for the six-month period ended 30 June 2024 as follows

Statement of cash flow (Million Baht)	For the six-month period ended		Inc (Dec)	
	30 June 2024	30 June 2023	Amount	%
Net cash from (used in) operating activities	1,093	(650)	1,743	268.2
Net cash (used in) from investing activities	(14)	497	(511)	(102.8)
Net cash used in financing activities	(1,174)	(1,629)	455	27.9
Net increase (decrease) in cash and cash equivalents	(95)	(1,782)	1,687	94.7
Cash and cash equivalents at 1 January	3,714	4,639	(925)	(19.9)
Cash and cash equivalents at 30 June	3,619	2,857	762	26.7

Net cash from operating activities was positive at Baht 1,093 million as increased by Baht 1,743 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 and inventory reduction. The Group Company has more efficiency on debt management services.

Net cash used in financing activities at Baht 1,174 million because the debentures were repaid in during the period.

Events after the reporting period

Because the company sees that SG Capital Public Company Limited, a subsidiary company, has a new business plan in the sustainable growth of Locked Phone HP loans which has good control over debt quality. The capital increase and the plan to reduce the amount of financial assistance so that the subsidiary can continue to expand its business and have a better financial structure.

On 1 July 2024, the Board of Directors has resolved to approve the company to provide financial assistance to SG Capital Public Company Limited (“SGC”), a subsidiary. The meeting approved a loan in a total amount of not exceeding Baht 6,100 million, which will be a reserved loan for SGC to draw down in order to pay off existing debts. Drawdown period will be from the date 1 January 2025 until 31 December 2025 and maturity date will be within December 2028. The company plans to reduce financial assistance by reducing the original loan amount to no more than of Baht 6,100 million. As of 30 June 2024, the subsidiary has outstanding loan debt to the company of Baht 10,174 million.

On 16 July 2024, the Board of Directors has resolved to approve the issuance of short-term debentures in amount of not exceeding Baht 1,000 million and to use the ordinary shares that the Company invested in SG Capital Public Company Limited, a subsidiary, with a value not less than 2 times the value of the debentures issued and offered for sale as collateral for the issuance of debentures the issuance of such debentures is in the form of a bridging loan with the objective of increasing capital for business expansion in subsidiaries. The company is currently in the process of submitting a debt instrument offering information form and a draft prospectus.

On 7 August 2024, The Extraordinary General Meeting of Shareholders No. 1/2024 of SG Capital Public Company Limited (“SGC”), resolve to approve the following;

1. Increase of the Company’s registered capital and allocation of newly issued ordinary shares for total baht 5,232 million
 - 1.1. The allocation of newly issued ordinary shares in the amount of not exceeding 3,270 million shares, offering to existing shareholders in proportion to their shareholdings.
 - 1.2. The allocation of newly issued ordinary shares in the amount of not exceeding of Baht 654 million shares to accommodate the exercise of SGC-W1 warrants. The Company offered warrants to existing shareholders at the ratio of 5 existing ordinary shares to 1 unit of SGC-W1

- 1.3. The allocation of newly issued ordinary shares in the amount of not exceeding of Baht 1,308 million shares to accommodate the exercise of SGC-W2 warrant. The Company offered warrants to existing shareholders at the ratio of 2.5 existing ordinary shares to 1 unit of SGC-W2.

From the above, both in reducing financial assistance and capital increase in subsidiary, the company is confident that it will make its subsidiary "SG Capital Public Company Limited" has a better financial position. Liabilities and equity structures are at an appropriate level. This allows the subsidiary to be able to raise cash funding in the financial market and enable it to expand its credit portfolio expansion business and have better operating results. Ultimately, it will have a positive effect on the growth of both revenue and net profits back to the company.

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 2nd 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.

The Group Company has announced a new vision "Financial Services Network Tech" ^๓ focusing on creating "New Business – New Growth Engine" aiming to be a leader in comprehensive financial management by combining the strengths of a comprehensive sales network throughout the country with modern technology with 3 strategies are developing new products that can be locked, application of digital technology SG finance+ and expanding the partner network for sustainable growth.

Product development, the key strategy is the launch of new products under the "Locked Phone" campaign by working with the subsidiary to offer loan products "SG Finance+" for purchasing a mobile phone. In addition, the company has expanded its portfolio of electrical appliances by collaborating with leading brands, Ex. SAMSUNG, TCL, and ACONATIC, to meet the diverse needs of consumers and preparing to use the "Locked Product" campaign

on TVs and washing machines to manage risk. The company is also pushing into the electric motorcycle (EV) market to respond to the demand for clean energy according to government policy.

Application of digital technology, the company uses a digital platform to provide SG Finance+ loan services to increase efficiency and convenience in loan approval, reduce paper use and helps in verifying the identity and assessing the risk of customers. In addition, the company has developed an electronic catalog system (E-Catalog) so that sales staff and distributors can present products and services more efficiently.

Expanding the partner network, the company remains committed to expanding the partner network by collaborating with influencers and creators on social media platforms EX. TikTok to reach new target groups and recently collaborated with “Tuan-Jai Shop” for electrical appliances to distribute in 30 branches nationwide by 2024 and the target is to expand the sales representative network from 1,100 in the first half of the year to 2,000 by the ended of this year focusing on SG Finance+ dealer groups who are interested in expanding their product line.

With this new vision and strategy, the company is committed to becoming a leader in the digital retail business ready to create sustainable growth through effectiveness on risk management.

Kindly be informed,

Yours truly,

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