



14 August 2024

Subj: Management's Discussion and Analysis
Financial Performance of the 2nd 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 2nd Quarter of 2024 ending 30-June-2024, reviewed by auditors. The details are as follows:

Significant Changes in the 2nd Quarter of 2024

On April 9, 2024, the Company approved a proposal to be submitted to the extraordinary shareholders' meeting for consideration and approval of an increase in registered capital by THB 2,510 million through the issuance of additional ordinary shares for sale and allocation to specific individuals (Private Placement). The Company planned to allocate 1.3 billion newly issued ordinary shares at a price of THB 2.30 per share. These shares will be allocated as follows: 1.2 billion shares to Lightnet Pte. Ltd. ("Lightnet") and 100 million shares to Mr. Anontchai Veeraprawat ("Mr. Anontchai"). Additionally, 1.21 billion new ordinary shares will be allocated to accommodate the exercise of 1.21 billion warrants, with an exercise price of 3.00 THB per share to Lightnet, Mr. Anonchai, and Hiwell Global Co., Ltd. ("Hiwell"). However, due to the volatile market conditions, which have led to a continuous decline in the Company's share price, affecting the appropriateness of the offering price for the private placement, the Company has been notified of the intention to cancel the investment under the original capital increase plan. Consequently, the Board of Directors has resolved to cancel the transaction under the original capital increase plan.

At the 15th Board of Directors' meeting for the year 2024, held on June 30, 2024, a resolution was passed to propose to the extraordinary shareholders' meeting the consideration of acquiring up to 80% of the registered capital of Lockbox Group Co., Ltd. ("LOCKBOX") and Lockbox Venture Co., Ltd. ("LOCKVENT"). The Company will pay compensation not exceeding THB 360 million in the form of newly issued ordinary shares of the Company to Holding L Co., Ltd. ("Holding L"), a company to be established under Thai law in accordance with the conditions of the EBT process as outlined in the Revenue Code. The shareholders of Holding L will be the existing shareholders of LOCKBOX and LOCKVENT.

Additionally, to enhance the financial liquidity of the Group, which is considered an urgent matter, the Board of Directors also resolved to propose to the shareholders' meeting the consideration of an increase in registered capital by THB 1,847 million for the purpose of sale and allocation as follows:

- (1) Allocate 910 million newly issued ordinary shares of the Company to specific individuals (Private Placement), including (a) 500 million shares to Ms. Kesara

Lothongkham (“Ms. Kesara”), (b) 360 million shares to Holding L, and (c) 50 million shares to Mr. Waris Yongsakul (“Mr. Waris”).

- (2) Allocate 850 million newly issued ordinary shares of the Company to accommodate the exercise of warrants to purchase the Company’s newly issued ordinary shares allocated to specific individuals (Private Placement), including (a) 250 million units of Warrants No. 3 (SABUY-๓-W3) to Ms. Kesara, (b) 50 million units of Warrants No. 4 (SABUY-W4) to Mr. Waris, and (c) 550 million units of Warrants No. 5 (SABUY-W5) to Mr. Chatchaval Jiaravanon (“Mr. Chatchaval”).
- (3) Allocate 87 million newly issued ordinary shares of the Company to accommodate the exercise of warrants under the third Employee Stock Option Plan (ESOP) (SABUY-WC) for directors, executives, and employees.

Subsequently, the Company received notification from AJA expressing the intention to withdraw from the planned capital increase as previously mentioned. Nevertheless, the Company will continue with the capital increase plan for other investors to enhance the Group's financial liquidity. The Company prioritizes the liquidity of the Group, and thus, the issuance of newly issued ordinary shares and the exercise of warrants will enable the Company to use the proceeds from these transactions to repay bond debts, long-term loan obligations of the Group, and/or for future working capital.

Recently, market volatility has affected the share prices of SBNEXT and AS, which were used as collateral for margin loans with a securities company. This led to a margin call for the Company. The Company did not provide additional collateral, resulting in the value of the collateralized securities falling to or below the required maintenance margin rate. Consequently, the Company was forced to sell shares of SBNEXT and AS to reduce its debt with the securities company. Following these forced sales, the Company retained 34,858,700 shares of SBNEXT, representing 5.77% of the outstanding shares, and 49,774,264 shares of AS, representing 9.75% of the outstanding shares.

On July 12, 2024, the Company announced a reduction in its paid-up capital by means of canceling 95,000,000 repurchased and unsold shares, representing 5.38% of the total issued shares (as of the end of the program), with a par value of THB 1 per share.

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.

Given the recent economic challenges and market conditions affecting money markets and bonds, the Group has decided to streamline its business structure by focusing on stringent revenue generation. This involves enhancing sales per person and per team, expanding into new market segments, diversifying products, and increasing cross-selling within the Group to better meet consumer demands and responses. These efforts are expected to stabilize the Company's revenue momentum moving forward. Furthermore, the current capital increase plan includes attracting various partners to strengthen the business and bolster financial stability. The Company has also received support from major shareholders and interest from new investors who are confident in the potential of the ecosystem and believe that SABUY's business will recover and continue to grow.

The Company recognizes that investing in the ordinary shares of LOCKBOX and LOCKVENT ("LOCKBOX Group") not only provides the benefit of leveraging the strong performance of the LOCKBOX Group but also aligns with one of the Company's business restructuring plans aimed at expanding touch points. The LOCKBOX Group possesses significant potential in both data and advertising media. Moreover, the Company and the LOCKBOX Group can collaborate effectively in technology and maintenance, as both have teams with similar expertise. This collaboration is expected to enhance operational efficiency and achieve economies of scale, while also supporting the maintenance and development of various equipment within the Company, such as payment kiosks and automated vending machines.

The Company plans to use the funds from this capital increase to establish reserves for repaying loans and bonds, with a portion allocated for working capital. The Company also aims to enhance cash flow and reduce interest expenses by selling non-core businesses or investments, which will not affect the core business or ecosystem of the Group.

Financial performance for the 3-month and 6-month periods (ending 30-Jun-2024)

| | Q2'23 | Q1'24 | Q2'24 | Change | Change | 6M'23 | 6M'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 | 686.3 | 620.4 | 653.1 | -4.8% | 5.3% | 1,354.4 | 1,273.5 | -6.0% |
| Revenue from sales of goods | 1,684.1 | 1,102.4 | 833.6 | -50.5% | -24.4% | 3,358.9 | 1,936.0 | -42.4% |
| Revenue from Rendering of Contract and interest income from installment sales | 145.3 | 134.3 | 99.6 | -31.4% | -25.8% | 281.9 | 233.9 | -17.0% |
| Other income | 54.6 | 33.1 | 21.0 | -61.6% | -36.6% | 105.1 | 54.1 | -48.5% |
| Dividend income | 2.1 | - | 0.2 | -92.5% | -100.0% | 5.8 | 0.2 | -97.3% |
| Total Revenue | 2,572.3 | 1,890.2 | 1,607.4 | -37.5% | -15.0% | 5,106.1 | 3,497.6 | -31.5% |
| Gross profit | 595.4 | 578.1 | 351.1 | -41.0% | -39.3% | 1,173.4 | 929.2 | -20.8% |
| Total Expenses | 542.1 | 752.1 | 613.7 | 13.2% | -18.4% | 1,042.3 | 1,365.8 | 31.0% |
| Loss from sales investment in associates | - | (1,050.7) | (602.3) | -100.0% | -42.7% | - | (1,653.1) | -100.0% |
| Loss from impairment of goodwill and intangibles assets | - | (749.0) | (354.7) | -100.0% | -52.6% | - | (1,103.7) | -100.0% |
| Loss from lose control on investment in subsidiaries and associates | - | - | (1,403.6) | -100.0% | -100.0% | - | (1,403.6) | -100.0% |
| Net profit | 201.5 | (2,253.0) | (2,890.6) | -1534.8% | 28.3% | 414.6 | (5,143.6) | -1340.6% |
| Net profit of parent | 179.6 | (1,960.7) | (2,914.6) | -1722.7% | 48.6% | 346.6 | (4,875.3) | -1506.7% |
| Gross profit % | 23.7% | 31.1% | 22.1% | | | 23.5% | 27.0% | |
| Net profit % | 8.0% | -121.3% | -182.2% | | | 8.3% | -149.4% | |
| Earning per shares ¹ | Baht | 0.1 | -1.1 | -1.8 | | 0.2 | -2.8 | |

Summary of Operational Results for the 3-month and 6-month periods (ending 30-Jun-2024)

Revenue

The Group recorded total revenue of THB 3.50 billion for the six-month period, a decrease of 31.5% compared to the previous year. For the three-month period in the second quarter, revenue was THB 1.61 billion, representing a decline of 15% from the previous quarter and 37.5% from the same period last year with the details as follows:

- **Service Revenue:** For the six-month period, service revenue amounted to THB 1.27 billion, a decrease of 6.0% compared to the previous year. For the three-month period in the second quarter, service revenue was THB 653.1 million, an increase of 5.3% from the previous quarter but a decrease of 4.8% from the same period last year. Service revenue from the SPEED, SABUY Alliance, iSoftel, and top-up machine services businesses saw a slight decline compared to the previous year. However, the Group was able to maintain service levels in these business segments during the second quarter of 2024.
- **Sales Revenue:** For the six-month period, sales revenue totaled THB 1.94 billion, a decline of 42.4% from the previous year. For the three-month period in the second quarter, sales revenue was THB 833.6 million, a decrease of 24.4% from the previous quarter and 50.5% from the same period last year. The significant decrease was primarily due to the loss of control over the subsidiary SBNEXT, leading the Group to

stop consolidating SBNEXT's financial statements into the Group's financial statements from May 2024 onward. SBNEXT's business, which involves the sale of water purifiers and electrical appliances under hire-purchase agreements, represented a significant portion of the Group's sales revenue, resulting in a substantial decline in sales revenue compared to the previous year and the first quarter.

- Contractual Service and Interest Income: For the six-month period, contractual service and interest income was 233.9 million THB, a decline of 17.0% from the previous year. For the three-month period in the second quarter, this income totaled 99.6 million THB, a decrease of 25.8% from the previous quarter and 31.4% from the same period last year. This decrease was also primarily due to the loss of control over the subsidiary SBNEXT, as mentioned above, leading to a reduction in interest income from the sale of water purifiers and electrical appliances under hire-purchase agreements compared to the previous year and the first quarter.

Gross profit

The gross profit for the six-month period amounted to THB 929.2 million, representing a gross profit margin of 27%, a decrease of 20.8% from the previous year. For the three-month period in the second quarter, the gross profit was THB 351.1 million, with a gross profit margin of 22.1%, a decline of 39.3% from the previous quarter and 41.0% from the same period last year. The increase in the gross profit margin for the six-month period compared to the previous year was due to the discontinuation of the low-margin wholesale consumer goods business under Sabuy Market Plus. However, the gross profit margin for the three-month period decreased from the previous quarter due to declining sales, while fixed costs continued to be incurred.

Total expenses

Total expenses for the six-month period amounted to THB 1.37 billion, an increase of 31.0% from the previous year. For the three-month period in the second quarter, expenses were THB 613.7 million, a decrease of 18.4% from the previous quarter, but an increase of 13.2% from the same period last year. Compared to the same period last year, the increase in expenses was primarily due to the relatively low expenses associated with business expansion during the first six months of 2023. The Group began investing in expanding product and service distribution channels, as well as opening new branches, which led to increased expenses starting from the third quarter of 2023. To enhance operational efficiency, the Group also invested in developing various systems to reduce reliance on personnel and increase human resource costs. These expenses primarily relate to IT system development, with an investment value of approximately THB 200 million, with the investment and amortization gradually recognized starting from the end of the fourth quarter of 2023.

Net Profit

For the six-month period of 2024, the Company reported a net loss of THB 5.14 billion, with a net loss attributable to the parent Company of THB 4.88 billion. For the three-month period, the net loss amounted to THB 2.89 billion, with a net loss attributable to the parent Company of THB 2.91 billion. In the second quarter of 2024, the Company was forced to sell its investments in SBNEXT and AS to reduce its debt obligations with securities companies.

This event resulted in the Group recognizing a loss of THB 602.35 million from the sale of investments, as well as a loss of THB 1.40 billion from the loss of control over subsidiaries and associates. Additionally, the Company recognized an impairment loss of THB 354.73 million related to goodwill and intangible assets for the business segments undergoing a strategic plan adjustment.

Statement of financial position at the end of 30-Jun-2024

| Description | For the period as of | | | | Change | |
|--|----------------------|--------|-----------|--------|-----------|---------|
| | 31-Dec-23 | | 30/6/2024 | | THB mm | % |
| | THB mm | % | THB mm | % | | |
| Total Assets | 20,848.6 | 100.00 | 12,432.7 | 100.00 | (8,415.8) | (40.37) |
| Total Liabilities | 9,884.9 | 47.41 | 8,427.2 | 67.78 | (1,457.7) | (14.75) |
| Total shareholders and equity | 10,963.7 | 52.59 | 4,005.6 | 32.22 | (6,958.1) | (63.47) |
| Equity of Parent | 7,905.8 | 37.92 | 2,301.8 | 18.51 | (5,604.1) | (70.89) |
| Current Ratio (Time) | 0.72 | | 0.39 | | | |
| Debt to Equity Ratio (Time) | 0.90 | | 2.10 | | | |
| Interest Bearing Debt to Equity (Time) | 0.76 | | 1.68 | | | |

Total Assets

As of June 30, 2024, total assets decreased by THB 8.42 billion, or 40.4%, compared to December 31, 2023. The primary reasons for this decrease are as follows:

- Loss of control over a subsidiary, resulting in the cessation of consolidating SBNEXT's financial statements with the Group's financial statements, leading to a reduction in total assets by THB 2.68 billion.
- Sale of investments in DOU7 and AS totaling THB 3.34 billion.
- Recognition of an impairment loss on goodwill and intangible assets amounting to THB 1.21 billion.

Total Liabilities

As of June 30, 2024, total liabilities decreased by THB 1.46 billion, or 14.8%. This reduction was primarily due to the loss of control over the subsidiary SBNEXT and the repayment of loans from financial institutions.

Shareholders' Equity

As of June 30, 2024, shareholders' equity decreased by THB 7.0 billion, or 63.5%, compared to December 31, 2023. The primary reasons for this decline include the loss of control over the subsidiary SBNEXT, which resulted in a reduction in Non-Controlling Interests (NCI), an increase in treasury shares, and an accumulation of retained losses due to the period's losses.



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Analysis of Key Financial Ratios

Current Ratio

As of June 30, 2024, the liquidity ratio was 0.39 times, a decrease of 0.72 times compared to December 31, 2023. This decline is attributed to the reduction in assets from SBNEXT.

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

As of June 30, 2024, the debt-to-equity ratio and the interest-bearing debt-to-equity ratio increased to 2.1 times and 1.68 times, respectively, compared to 0.90 times and 0.76 times as of December 31, 2023. This increase is primarily due to the reduction in shareholders' equity resulting from the loss of control over the subsidiary SBNEXT, which led to a decrease in Non-Controlling Interests (NCI), an increase in treasury shares, and an accumulation of retained losses from the period's losses.

Please be informed accordingly.

Sincerely yours,

(Mr. Wirach Morakotkarn)
Group Chief Executive Office