



SG CAPITAL PUBLIC COMPANY LIMITED

Management Discussion and Analysis

Quarter 1/2026



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No. SGC 1130/2026

May 14, 2026

To The President

The Stock Exchange of Thailand

Subject Management Discussion and Analysis for the three-month period ended 31 March 2026

We, SG Capital Public Company Limited (“the company”), are pleased to provide you our management discussion and analysis for the three-month period ended 31 March 2026, as follows:

Business Overview

The Company continues to issue new loans across three financial products: mobile phone hire-purchase loans (Lock Phone loans), Home & Commercial appliances hire-purchase loans, and Debt Consolidation loan. In 1st quarter of 2026, the Company issued new loans totaling Baht 3,018 million, representing a 70% growth compared to the same quarter of the previous year. Mainly from hire-purchase loans for Lock Phone, which amounted to Baht 2,941 million or 97% of the total new loan, or 73% increase from the same quarter last year. As a result, in the first quarter of 2026, the company had a net profit of Baht 176.21 million, an increase of Baht 64.66 million or 57.97% from the previous quarter, and an increase of Baht 131.95 million or 298.12% from the same quarter of the previous year.

For mobile phone hire-purchase loans (Lock Phone loans), the company provides comprehensive loans to eight Chinese smartphone brands: Oppo, Vivo, Xiaomi, Realme, Infinix, Honor, Nubia and Tecno. There are roughly 7,000 participating merchants nationwide. As of March 31, 2026, the company had a Lock Phone loan portfolio of 7,478 million baht, or 54% of the total loan portfolio, an increase of 15% from the previous quarter, currently accounting for the largest proportion of the total portfolio.

For Home & Commercial appliances hire-purchase loans, the Company has tightened loan approval conditions to align with the risk profile of appliance loans. Consequently, this portfolio did not see significant growth. However, the Company continues to monitor this segment closely.

For Debt Consolidation loan, the Company has implemented rather strict approval criteria, this portfolio did not see significant growth.

For Hire-purchase and loans with vehicle title as collateral (“RodTumNgern loan”), the Company ceased offering RodTumNgern loans starting in Q3 2024 due to the economic climate significantly impacting the auto loan and vehicle

title loan markets. The value and importance of the RodTumNgern loan portfolio will gradually decrease, in line with the company's strategy to focus primarily on growing the Lock Phone loan portfolio.

Operating performance for 1st quarter of 2026

Statement of income (Unit: Million Baht)	Q1/2025 (Restated)	Q1/2026	% YoY
Income			
Interest income from hire-purchase contracts and loans	619.67	747.10	20.56
Other income	19.83	23.30	17.50
Total income	639.50	770.40	20.47
Expense			
Service and administrative expenses	139.86	155.38	11.10
Total Expense	139.86	155.38	11.10
Profit from operating activities	499.64	615.02	23.09
Finance costs	86.57	107.11	23.73
Expected credit loss	354.84	285.37	(19.58)
Profit before income tax expense	58.23	222.54	282.17
Tax income (expenses)	(13.97)	(46.33)	231.64
Profit for the period	44.26	176.21	298.12

1. Operating Performance

Total Income

The Company's main revenues were interest income from (1) Hire purchase loans for Mobile phone (Lock Phone loans) (2) RodTumNgern Loans (3) Hire purchase for Home & Commercial Appliances (4) Other loan receivables such as Debt Consolidation and (5) Other income are income on deposits, service revenue and commission revenues etc.

For the 1st quarter of 2026, the Company's total income was Baht 770.40 million, increased by Baht 130.90 million or 20.47 % from the same quarter of the previous year. This increase was primarily due to an increase in interest income from Lock Phone loans of Baht 556.95 million, or 74.55% of total interest income, increase of 85.05% from the same quarter of the previous year, due to the significant growth in Lock Phone loans. While interest income from RodTumNgern Loan of Baht 162.56 million or 21.76% of total interest income, decreased of 40.61% from the same quarter of the previous year, due to a decrease in RodTumNgern loan portfolio due to the suspension of new loan disbursements since 3rd quarter of 2024, along with the customer's regular repayment and early payment closing. In addition, the company's other income increased, totaling Baht 3.47 million, or increase 17.50% from the same quarter last year, The main factor contributing to this growth was higher commission income from the sale of SG Shield.

Expenses

The Company main expense consist of 3 parts, service and administrative expenses, financial costs and expected credit loss as per details below:

(1) Service and administrative expenses

For the 1st quarter of 2026, service and administrative expenses totaled Baht 155.38 million, an increase of Baht 15.52 million or 11.10 % compared to the same period of last year. The increase was mainly due to employee expenses, the increase in SG Shield commission expenses is consistent with the higher increase in SG Shield commission income and expenses related to the increased number of Lock Phone's new loan. However, The cost-to-income ratio for the first quarter of 2026 was 20.17%, representing better cost control than the 21.87% in the first quarter of 2025.

(2) Financial costs

For the 1st quarter of 2026, the Company's financial costs amounted to Baht 107.11 million, increased of Baht 20.54 million, or 23.73 % compared to the same period of last year. This increasing was primarily due to the Company's issued and offered debentures No. 1/2025 Baht 400 million to expand the loan portfolio in May 2025 and in October 2025 the Company's issued and offered debentures No. 2/2025 Baht 600 million, to be used for expanding the loan portfolio.

(3) Expected credit loss

For the 1st quarter of 2026, the company's expected credit loss were Baht 285.37 million, an decrease of Baht 69.47 million, or 19.58% compared to the same period of last year. This was primarily due to the overall portfolio mix has shifted its focus to loans with effectively and efficiently controlled NPL risk. Specifically, the proportion of RodTumNgern loan and appliance loans in the overall portfolio has been gradually decreasing, while the proportion of Lock Phone loans has increased and is expected to continue rising in the future.

Profit for the period

For the 1st quarter of 2026, the Company's net profit was Baht 176.21 million an increase of Baht 64.66 million, or 57.97% from the previous quarter. and an increase of Baht 131.95 million or 298.12% from the same quarter of the previous year. This was primarily due to the growth of the Lock Phone business and efficient cost control.

Financial position

Balance Sheet (Unit: Million Baht)	31 Dec 2025	31 Mar 2026	% Inc (Dec)
Assets			
Cash and cash equivalents	824.99	797.03	(3.39)
Hire-purchase contract receivables	6,549.36	7,360.58	12.39
Loan receivables	5,380.86	4,800.74	(10.78)
Other receivables	492.52	536.45	8.92
Accrued income	96.74	119.87	23.91
Assets foreclosed	64.76	48.46	(25.17)
Deferred tax assets	532.72	486.39	(8.70)
Other assets	53.25	51.98	(2.38)
Total Assets	13,995.20	14,201.50	1.47
Liabilities and equity			
Liabilities			
Long-term loans from parent company	5,050.00	5,050.00	-
Debenture	1,237.45	1,239.48	0.16
Trade accounts payable and other payable	248.82	275.31	10.65
Lease liabilities	11.38	11.92	4.75
Other Liabilities	26.07	27.10	3.95
Total Liabilities	6,573.72	6,603.81	0.46
Equity			
Issued and paid-up share capital	6,240.03	6,240.03	-
Share premium	3,182.27	3,182.27	-
Difference arising from business combination under common control	(974.12)	(974.12)	-
Legal reserve	209.38	209.38	-
Deficit	(1,236.08)	(1,059.87)	(14.26)
Total Equity	7,421.48	7,597.69	2.37
Total Liabilities and equity	13,995.20	14,201.50	1.47

Assets

As of March 31, 2026, and December 31, 2025, the Company had total assets of Baht 14,201.50 million and Baht 13,995.20 million, respectively, an increase of Baht 206.30 million, or 1.47 % from the end of 2025. The Company's key assets consisted primarily of cash and cash equivalents, hire-purchase receivables and loan receivables.

As of March 31, 2026, cash and cash equivalents totaled Baht 797.03 million, a decrease of Baht 27.96 million, or 3.39% from the end of 2025. The decrease was mainly attributable to Lock Phone loan expansion and the repayment of interest expense to the parent company and interest expense for debenture in the period.

As of March 31, 2026, the hire-purchase contract receivables totaled Baht 7,360.58 million, an increase of Baht 811.22 million, or 12.39% from the end of 2025. This increase was primarily driven by the Company's mobile phone hire-purchase business, Lock Phone. However, Home & Commercial Appliances of hire purchase receivables decreased because of the write-off of bad debts from non-performing loans, those that the Company has followed up on and considered uncollectible, and loan disbursements decreased due to tighter credit approvals.

Loan Receivables as of March 31, 2026, totaled Baht 4,800.74 million, a decrease of Baht 580.12 million, or 10.78% from the end of 2025. The decline was mainly due the Company has a policy to cease "RodTumNgern" since 3rd quarter of 2024, and the customer repay regularly the installment amount and early closing. along with the decrease due to write-off of non-performing loans that the Company has followed up on and considered uncollectible.

Liabilities

As of March 31, 2026, and December 31, 2025, the company's total liabilities amounted to Baht 6,603.81 million and Baht 6,573.72 million, respectively, an increase of Baht 30.09 million, or 0.46% from the end of 2025. Due to an increase in accounts payable from the parent company to higher purchase volumes in the first quarter of 2026. As of March 31, 2026, the Company had outstanding loans from Singer Thailand Public Company Limited (the parent company) totaling Baht 5,050 million, the interest rate is the average floating rate (MLR) of 4 major commercial banks plus the spread, as of March 31, 2026 interest rates was approximately 6.72% per annum.

Shareholder Equity

As of March 31, 2026, the Company had paid-up capital of Baht 6,240.03 million and shareholders' equity of Baht 7,597.69 million, representing an increase of Baht 176.21 million from the end of 2025. The increase was mainly attributable to the operating profit for the 1st quarter of 2026.

2. Financial ratio

Key Financial Ratios	Unit	Q1/2025(Restated)	Q1/2026
Profit margin	%	6.92	22.87

Key Financial Ratios	Unit	31 December 2025	31 March 2026
Debt-to-Equity Ratio	Times	0.89	0.87
Return on Assets	%	2.50	3.41
Return on Equity	%	4.83	6.41

Debt to Equity Ratio

As of March 31, 2026, the Company's total liabilities stood at Baht 6,603.81 million, while total equity was Baht 7,597.69 million, resulting in a decline in the debt-to-equity (D/E) ratio to 0.87 times. This decrease from the previous year, mainly due to a higher capital base resulting from profits in the first quarter of 2026.

Return on Assets

As of March 31, 2026, the Company's return on assets (ROA) was 3.41%, an increase from 2025, in line with the Company's profitability in the first quarter of 2026.

Return on Equity

As of March 31, 2026, the Company had a return on equity (ROE) of 6.41% an increase from 2025, in line with the Company's profitability in the first quarter of 2026.

3. Financial liquidity and capital adequacy

Cash Flow (Unit: Million Baht)	Q1/2025 (Restated)	Q1/2026
Net cash from (used in) operating activities	303.22	81.08
Net cash from (used in) investing activities	0.12	(0.43)
Net cash from (used in) financing activities	(589.07)	(108.61)
Net increase (decrease) in cash and cash equivalents	(285.73)	(27.96)
Cash and cash equivalents at the beginning period	920.83	824.99
Cash and cash equivalents at the ending period	635.10	797.03

For the 1st quarter of 2026, The Company has cash from operating activities of Baht 81.08 million, primarily attributable to net cash inflows from hire purchase receivables and loan receivables. Cash used in financing activities of Baht 108.61 million, most of the cash outflow was for the repayment of interest to the parent company, resulting in a net decrease in cash flow of Baht 27.96 million. As of March 31, 2026, the Company's cash and cash equivalents amounted to Baht 797.03 million.

4. Sustainable Development and Corporate Governance

The Company provides a wide range of loan and financial products through modern digital platforms, emphasizing convenience, speed, and service excellence. This is complemented by effective credit quality management and conducted under strong corporate governance principles, social responsibility, and environmental stewardship to support long-term sustainable growth.

Corporate Governance Achievements

The Company continues to strengthen its corporate governance practices, as reflected in key recognitions and assessment results, as follows:

- Achieved a perfect score in the 2025 Annual General Meeting (AGM) Checklist assessment by the Thai Investors Association, for the third consecutive year, demonstrating transparency, fairness, and comprehensive protection of shareholders' rights.
- Received an "Excellent" rating in the 2025 Corporate Governance Report (CGR) by the Thai Institute of Directors (IOD) for the third consecutive year, reflecting strong governance structure and processes
- Maintained a SET ESG Rating of "A" in the Financial sector, underscoring its commitment to sustainable business practices and long-term stakeholder value creation

Social and Environmental Initiatives

The Company continues to implement CSR initiatives alongside its governance practices, focusing on creating shared value for society. Key activities include supporting youth development through scholarships and participation in national children's day initiatives, as well as encouraging employee engagement in social activities.

On the environmental front, the Company has implemented a structured and continuous resource management system. This includes monthly monitoring and data collection of energy consumption, water usage, and waste management. These measures help ensure that operational efficiency remains aligned with set targets, while enabling the Company to proactively manage potential risks or crises that may arise during the year. In addition, the Company is in the process of preparing to apply for Carbon Footprint of Organization certification for its head office and all branches from the Thailand Greenhouse Gas Management Organization (TGO).

The Company remains committed to conducting business with transparency and integrity under good governance principles, while continuously creating shared value for society and the environment. These efforts aim to strengthen the Company's foundation and contribute to the country's sustainable development in the long term.

5. Executives' views on the future direction of operations

For the year 2026, the company continues to prioritize responsible lending, in accordance with the Bank of Thailand's regulations, including providing fair service to customers and charging interest rates that comply with the law. (1) The Company will give more weight to new loan disbursements, mainly Lock Phone loans, which is in line with the Company's main strategy to increase the portfolio of high-yielding, such as Lock Phone loans, and reduce the portfolio of loans that may have credit risk, such as RodTumNgern loans and Hire purchase for Home & Commercial Appliances, etc., to manage the portfolio as efficiently as possible and (2) the Company will develop a digital platform by

incorporating more new technologies, especially AI, to reduce operating costs, increase efficiency in providing customer service and customer payment tracking, and increase future business competitiveness.

Lock Phone loans are disbursed through the digital platform “SG FINANCE+”, utilizing nationally standardized identity verification technology to ensure the authenticity of customers. This results in the loan application and approval process more convenient and faster. This represents a competitive advantage for the company. Furthermore, the loan offers a high return on investment and allows for lower credit risk resulting from risk control due to changes in consumer behavior caused by locking technology. This results in more effective loan quality control and the ability to handle a high volume of services. In 2026, the company plans to disburse a minimum of 12 billion baht in new loans, representing over 30% growth compared to Baht 9,300 million disbursed in 2025, to accommodate the high demand in the mobile phone sales business in Thailand. In April 2026, the company issued debenture amounting to Baht 700 million to support the expansion of Lock Phone loans to achieve the goal.

Regarding lending channels through SG FINANCE+, the company continues to leverage its network of over 7,000 participating partner merchants nationwide to create opportunities for growth in Lock Phone loans and reduce concentration in certain channels. In 2026, the company will focus more on overseeing and visiting partner merchants to monitor and control the use of digital platforms to ensure responsible lending practices.

For smartphone products in 2026, the Company has expanded its portfolio of mobile phone models within its eight core brands — Oppo, Vivo, Xiaomi, Realme, Infinix, Honor, Nubia, and Tecno — giving customers more choices to use Lock Phone loans.

The company continues to focus on increasing non-interest income, such as selling SG Shield services, which provide screen protection for cracked mobile phones for customers using Lock Phone loans.

Beyond focusing on achieving our portfolio growth targets, the Company places the priority on systematic risk management, particularly in maintaining credit risk within appropriate and manageable levels. This is coupled with a steadfast commitment to Good Corporate Governance principles, ensuring that our business is conducted with transparency, integrity, and a deep sense of accountability toward all stakeholders. These efforts are designed to foster long-term trust and steer the organization toward a future of stable, prosperous, and sustainable growth.

Yours sincerely,

(Mr. Anothai Sritiapetch)

Chief Executive Officer

SG Capital Public Company Limited