SG CAPITAL PUBLIC COMPANY LIMITED

Management Discussion and Analysis

Quarter 2/2026

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No. SGC1145/2026

August 11, 2026

To The President

The Stock Exchange of Thailand

Subject Management Discussion and Analysis for the three-month and six-month periods ended 30 June 2026

We, SG Capital Public Company Limited ("the company"), are pleased to provide you our management discussion and analysis for the three-month and six-month periods ended 30 June 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 2nd quarter of 2026, the Company issued new loans totaling Baht 3,383 million, Mainly from hire-purchase loans for Lock Phone, which amounted to Baht 3,280 million or 97% of the total new loan, or 59% increase from the same quarter last year. For the six-month period of 2026, the Company issued new loans totaling Baht 6,401 million, Mainly from hire-purchase loans for Lock Phone, which amounted to Baht 6,221 million or 97% of the total new loan, or 64% increase from the same period of the previous year. As a result, in the second quarter of 2026, the company had a net profit of Baht 203.50 million, an increase of Baht 132.45 million or 186.42% from the same quarter of the previous year. For the six-month period of 2026, the company had a net profit of Baht 379.71 million, an increase of Baht 264.40 million or 229.29% from the same period 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 June 30, 2026, the company had a Lock Phone loan portfolio of 8,441 million baht, or 60% of the total loan portfolio, an increase of 30% from the previous year, currently accounting for the largest proportion of the total portfolio.

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. As of June 30, 2026, the company had a RodTumNgern loans portfolio of 4,714 million baht, or 33% of the total loan portfolio, a decrease of 23% from the previous year.

For Home & Commercial appliances hire-purchase loans and Debt Consolidation loan, the Company has tightened loan approval conditions to align with the risk profile of appliance loans and Debt Consolidation loan. As of June 30, 2026, the company had a Home & Commercial appliances hire-purchase loans and Debt Consolidation loan portfolio of 963 million baht, or 7% of the total loan portfolio, a decrease of 33% from the previous year.

Operating performance for the three-month and six-month periods ended 30 June 2026

Statement of income (Unit: Million Baht)	Q2/2025 (Restated)	Q2/2026	*% YoY*	Jan - Jun 2025 (Restated)	Jan - Jun 2026	*% YoY*
Income						
Interest income from hire-purchase contracts and loans	679.12	784.03	*15.45*	1,298.79	1,531.13	*17.89*
Other income	15.32	26.60	*73.63*	35.15	49.90	*41.96*
Total income	694.44	810.63	*16.73*	1,333.94	1,581.03	*18.52*
Expense						
Service and administrative expenses	137.63	164.31	*19.39*	277.49	319.69	*15.21*
Total Expense	137.63	164.31	*19.39*	277.49	319.69	*15.21*
Profit from operating activities	556.81	646.32	*16.08*	1,056.45	1,261.34	*19.39*
Finance costs	88.24	116.23	*31.72*	174.81	223.34	*27.76*
Expected credit loss	360.61	269.20	*(25.35)*	715.45	554.56	*(22.49)*
Profit before income tax expense	107.96	260.90	*141.66*	166.19	483.44	*190.90*
Tax expenses	36.91	57.40	*55.51*	50.88	103.73	*103.87*
Profit for the period	71.05	203.50	*186.42*	115.31	379.71	*229.29*

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 interest from deposits, service revenue and commission revenues etc.

For the 2nd quarter of 2026, the Company's total income was Baht 810.63 million, an increase of Baht 116.19 million or 16.73% from the same quarter of the previous year. For the six-month period of 2026, the Company's total income was Baht 1,581.03 million, an increase of Baht 247.09 million or 18.52% from the same period of the previous year. This increase was primarily due to an increase in interest income from Lock Phone loans of Baht 614.49 million in 2nd quarter of 2026, an increase of Baht 216.84 million or 54.53% from the same quarter of the previous year. For the six-month period of 2026, the Company's total income was Baht 1,171.44 million, an increase of Baht 472.81 million or 67.68% from the same period of the previous year, due to the significant growth in Lock Phone loans. While interest income from RodTumNgern Loan of Baht 142.24 million in 2nd quarter of 2026, a decrease of Baht 101.39 million or 41.61% from the same quarter of the previous year. For the six-month period of 2026, the Company's interest income from RodTumNgern Loan was Baht 304.80 million, a decrease of Baht 212.53 million or 41.08% 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 in 2nd quarter of 2026, totaling Baht 26.60 million, or increase 73.63% from the same quarter of the previous year, For the six-month period of 2026, the company's other income increased, totaling Baht 49.90 million, or increase 41.96% 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 2nd quarter of 2026, service and administrative expenses totaling Baht 164.31 million, an increase of Baht 26.68 million or 19.39% compared to the same quarter of the previous year. And for the six-month period of 2026, the company's service and administrative expenses totaling Baht 319.69 million an increase of Baht 42.20 million or 15.21% 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 half year of 2026 was 20.22%, representing better cost control than the 20.80% which can be for control to maintain levels similar to the same period of the previous year.

(2) Financial costs

For the 2nd quarter of 2026, the Company's financial costs amounted to Baht 116.23 million, increased of Baht 27.99 million, or 31.72% compared to the same quarter of the previous year. For the six-month period of 2026, the Company's financial costs amounted to Baht 223.34 million, increased of Baht 48.53 million, or 27.76% compared to the same period of the previous 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, and in Apr 2026 the Company's issued and offered debentures No. 1/2026 Baht 700 million, to be used for expand the loan portfolio.

(3) Expected credit loss

For the 2[st] quarter of 2026, the company's expected credit loss were Baht 269.20 million, an decrease of Baht 91.42 million, or 25.35% compared to the same quarter of the previous year. For the six-month period of 2026, the company's expected credit loss were Baht 554.56 million, a decrease of Baht 160.89 million, or 22.49% compared to the same period of the previous 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. Furthermore, the company continues to focus on debt collection and legal action against non-performing loan (NPL) borrowers in order to reduce the overall NPL ratio of the portfolio to below 10% by the end of 2026.

Profit for the period

For the 2[nd] quarter of 2026, the Company's net profit was Baht 203.50 million an increase of Baht 132.45 million, or 186.42% from the same quarter of the previous year. For the six-month period of 2026, the Company's net profit was Baht 379.71 million an increase of Baht 264.40 million, or 229.29% compared to the same period 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	30 Jun 2026	% Inc (Dec)
Assets			
Cash and cash equivalents	824.99	1,042.13	*26.32*
Hire-purchase contract receivables	6,549.36	8,238.09	*25.78*
Loan receivables	5,380.86	4,172.85	*(22.45)*
Other current receivables	589.26	684.92	*16.23*
Assets foreclosed	64.76	35.86	*(44.63)*
Other current financial assets	-	500.20	*100.00*
Deferred tax assets	532.72	428.99	*(19.47)*
Other assets	53.25	63.73	*19.68*
Total Assets	13,995.20	15,166.77	*8.37*

Balance Sheet (Unit: Million Baht)	31 Dec 2025	30 Jun 2026	% Inc (Dec)
Liabilities and equity			
Liabilities			
Long-term loans from parent company	5,050.00	5,050.00	-
Debenture	1,237.45	1,933.47	*56.25*
Trade payable and other current payable	248.82	336.76	*35.34*
Lease liabilities	11.38	19.15	*68.28*
Other Liabilities	26.07	26.20	*0.50*
Total Liabilities	6,573.72	7,365.58	*12.05*
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)	(856.37)	*(30.72)*
Total Equity	7,421.48	7,801.19	*5.12*
Total Liabilities and equity	13,995.20	15,166.77	*8.37*

Assets

As of June 30, 2026, and December 31, 2025, the Company had total assets of Baht 15,166.77 million and Baht 13,995.20 million, respectively, an increase of Baht 1,171.57 million, or 8.37% 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 June 30, 2026, cash and cash equivalents totaled Baht 1,042.13 million, an increase of Baht 217.14 million, or 26.32% from the end of 2025. The increase was mainly the issuance of debenture No. 1/2026 in April 2026, totaling Baht 700 million. Additionally, in the second quarter of 2026, the company has Other current financial assets (Unit Trust) of Baht 500.20 million, aimed at managing financial liquidity to achieve higher returns compared to bank deposits.

As of June 30, 2026, the hire-purchase contract receivables totaled Baht 8,238.09 million, an increase of Baht 1,688.73 million, or 25.78% 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 June 30, 2026, totaled Baht 4,172.85 million, a decrease of Baht 1,208.01 million, or 22.45% 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 June 30, 2026, and December 31, 2025, the company's total liabilities amounted to Baht 7,365.58 million and Baht 6,573.72 million, respectively, an increase of Baht 791.86 million, or 12.05% from the end of 2025. Due issuance of debentures No. 1/2026 in April 2026, totaling Baht 700 million. As of June 30, 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 June 30, 2026 interest rates was approximately 6.63% per annum.

Shareholder Equity

As of June 30, 2026, the Company had paid-up capital of Baht 6,240.03 million and shareholders' equity of Baht 7,801.19 million, representing an increase of Baht 379.71 million from the end of 2025. The increase was mainly attributable to the operating profit for the six-month periods ended 30 June 2026.

2. Financial ratio

Key Financial Ratios	Unit	Jan - Jun 2025 (Restated)	Jan - Jun 2026
Profit margin	%	8.64	24.02

Key Financial Ratios	Unit	31 December 2025	30 June 2026
Debt-to-Equity Ratio	Times	0.89	0.94
Return on Assets	%	2.50	4.21
Return on Equity	%	4.83	8.06

Debt to Equity Ratio

As of June 30, 2026, the Company's total liabilities stood at Baht 7,365.58 million, while total equity was Baht 7,801.19 million, this resulted in an increase in the debt-to-equity (D/E) ratio to 0.94 times. This increases from the previous year, mainly due to the company issuing and offering debentures No. 1/2026 in the amount of 700 million baht in April 2026.

Return on Assets

As of June 30, 2026, the Company's return on assets (ROA) was 4.21%, an increase from 2025, in line with the Company's profitability in the half year of 2026.

Return on Equity

As of June 30, 2026, the Company had a return on equity (ROE) of 8.06% an increase from 2025, in line with the Company's profitability in the half year of 2026.

3. Financial liquidity and capital adequacy

Cash Flow (Unit: Million Baht)	Jan - Jun 2025 (Restated)	Jan - Jun 2026
Net cash from (used in) operating activities	513.73	248.05
Net cash from (used in) investing activities	(1.25)	(504.97)
Net cash from (used in) financing activities	(638.39)	474.06
Net increase (decrease) in cash and cash equivalents	(125.91)	217.14
Cash and cash equivalents at the beginning period	920.83	824.99
Cash and cash equivalents at the ending period	794.92	1,042.13

For the six-month of 2026, The Company has cash from operating activities of Baht 248.05 million, primarily attributable to net cash inflows from hire purchase receivables and loan receivables. cash used in investing activities of Baht 504.97 million, mostly through the purchase of unit trust of Baht 500 million. And cash from financing activities of Baht 474.06 mostly through the issuance of debentures No. 1/2026 in April 2026, in the amount of Baht 700 million. With a financial cost of Baht 210.36 million, resulting in a net increase in cash flow of Baht 217.14 million. As of June 30, 2026, the Company's cash and cash equivalents amounted to Baht 1,042.13 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

The Company continues to uphold high standards of corporate governance, as reflected in the following key achievements:

- 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 Financials sector, underscoring its commitment to sustainable business practices and long-term value creation for stakeholders.

In addition, the Company continuously reviews and updates its corporate governance policies and practices to ensure their appropriateness and effectiveness in supporting business operations in accordance with the principles of good corporate governance and the Company's sustainable development.

Social Initiatives

The Company places great importance on employee well-being and creating shared value for society. Key initiatives include promoting employees' health, safety, and quality of life through sports and fitness facilities, health promotion activities, seasonal influenza vaccination services, appropriate flexible working arrangements, and the promotion of Diversity, Equity and Inclusion (DE&I). The Company also encourages employee participation in social initiatives, such as blood donation campaigns, to contribute to local communities and society.

Environmental Initiatives

The Company has established a systematic and continuous environmental management framework, including monthly monitoring and data collection on energy consumption, water usage, and waste management to improve operational efficiency and achieve its environmental objectives. The Company also promotes the efficient use of resources and energy conservation throughout the organization. In addition, the Company is preparing to obtain Carbon Footprint for Organization (CFO) certification for its head office and all branch offices from the Thailand Greenhouse Gas Management Organization (Public Organization) (TGO).

The Company remains committed to conducting its business with transparency and integrity under the principles of good corporate governance while continuously creating shared value for its stakeholders, society, and the environment. These efforts strengthen the Company's long-term resilience and contribute to sustainable development.

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, namely 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 14 billion baht in new loans, representing over 50% growth compared to Baht 9,300 million disbursed in 2025, to accommodate the high demand in the mobile phone sales business in Thailand.

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