SBNEXT.IR. 044/2567

14 August 2024

Subject: Management Discussion & Analysis for the 2nd quarter of Y2024

To: President

The Stock Exchange of Thailand

Sabuy Connext Tech Public Company Limited ("Company" or "SBNEXT") and its subsidiaries ("Group of Companies") hereby provide a summary of the operational results for the three-month ended 30 June 2024, as audited by the Certified Public Accountant. The details are as follows:

Important changes that occurred during the 2nd quarter of Y2024

- The company has undergone a change in the structure of its major shareholders. The shares held by Sabuy Technology Public Company Limited have been reduced from 24.92% to 5.77%. Better Dreams Co., Ltd. now holds 18.72% of the shares. Additionally, Mr. Ekarat Changyoo has been appointed as the Chief Executive Officer.

Summary Q2/2024 of Operating Performance

Revenue

For the three-month period ended 30 June 2024, Sabuy Connext group of companies generated total revenue of 296.39 million Baht. This marks a decrease of 135.25 million Baht or 31.33% from the same period of previous year. The detailed breakdown of the revenue is as follows:

- Revenue from sales: The revenue from sales for the Q2/2024 amounted to 234.90 million Baht, showing a decrease of 129.79 million Baht or 35.59% from the same period of previous year due to the cancellation of the distribution of certain product type through the distributor and a reduction in number of sales employees.
- Interest Income from Lease Contracts: The interest income from lease contracts for the Q2/2024 was 51.29 million Baht, an increase of 7.43 million Baht or 16.95% from the same period of previous year. This increase is a result of expanding sales channels and adjusting the wholesale sales structure.
- Interest Income from Credit Receivables: The interest income from credit receivables for the Q2/2024 amounted to 4.82 million Baht, decreasing by 2.59 million Baht or 34.97% from the same period of previous year. This increase is a result of adjusting the structure of credit provision to customers.

Cost of Goods Sold

The Cost of Goods Sold for Sabuy Connext group of companies for the Q2/2024, amounted to 96.98 million Baht. This represents a decrease of 97.41 million Baht or 50.11 % from the same period of previous year. The cost of goods sold as a percentage of sales revenue for Q2/2024 decreased to 41.29% compared to 53.30% in Q2/2023. This decrease was due to a shift in sales proportions back to focusing on water filter units, which higher gross profit margin.

Distribution Costs

The distribution costs for Sabuy Connext group of companies for the Q2/2024 amounted to 109.21 million Baht, decreasing from the same period of previous year's figure of 17.54 million Baht, representing a percentage decrease of 13.84% due to decrease in revenue from sales as describe above.

Administrative expenses

Administrative expenses for Sabuy Connext group of companies for the Q2/2024 amounted to 117.93 million Baht, showing a increase from the same period of previous year's figure of 46.83 million Baht, representing a percentage increase of 65.86%. This decrease is due to adjustments in various reserve assumptions, such as reserves for impairment of property foreclose and product warranty reserves, to align with current conditions.

Loss on investment in equity instruments measured at FVTPL

For the Q2/2024, Sabuy Connext group of companies incurred an loss on investment in equity instruments measured at FVTPL of 71.47 million Baht, This loss resulted from the disposal of investments in equity instruments during the period.

Expected Credit Loss

For the Q2/2024, Sabuy Connext group of companies incurred an expected credit loss of 169.71 million Baht, an increase from the same period of previous year of 133.71 million Baht, representing an increase of 371.38%. This increase is attributed to the adjustments made in assumptions regarding the provision for expected credit losses and the write-off of debts to ensure coverage and alignment with the current situation. However, the company has improved its criteria for debt quality control to enhance effectiveness.

Net Profit (Loss)

For the Q2/2024, Sabuy Connext group of companies reported a net loss of 289.92 million Baht (compared to a net loss of 15.02 million Baht in Q2/2023), as explained by the reasons mentioned earlier. However, the Company had losses from investments that were measured at fair value through other comprehensive income for 167.29 million baht, which was a unrealized loss from investments in marketable securities.

Financial Position

Asset

As of 30 June 2024, Sabuy Connext group of companies reported total assets amounting to 2,533.37 million Baht, reflecting a decrease of 639.06 million Baht or 20.14% compared to 31 December 2023. This substantial growth in assets can be attributed to the following key factors:

- Accounts receivable from lease contracts and credit-related receivables, resulting in a decrease of 151.57 million Baht.
- Loan receivable, resulting in a decrease 90.86 million Baht.
- Other financial assets, contributing to a decrease of 249.75 million Baht.
- Other current assets leading to a decrease of 66.59 million Baht.

Liabilities

As of 30 June 2024, Sabuy Connext group of companies reported total liabilities of 2,016.74 million Baht, an increase of 5.34 million Baht from 31 December 2023. This increase in liabilities was primarily attributed to be used for expanding the group’s business.

The shareholder's equity

As of 30 June 2024, Sabuy Connext group of companies had total equity of 516.64 million Baht, compared to 1,161.04 million Baht on 31 December 2023. This represents a decrease of 644.40 million Baht or a reduction of 55.50 %, mainly due to the net loss incurred from the business operations in the period and losses from investments that were measured at fair value through other comprehensive income as described above.

This information is provided for your reference regarding the company's financial performance and position.

Kindly be informed.
Your truly,

-Ekarat Changyoo-
(Mr. Ekarat Changyoo)
Chief Executive Officer