TSR.IR. 025/2568

15 May 2025

Subject: Management Discussion & Analysis for the 1st quarter of Y2025

To: President

The Stock Exchange of Thailand

TSR Living Solution Public Company Limited ("Company") and its subsidiaries ("Group of Companies") hereby provide a summary of the operational results for the three-month period ended 31 March 2025, as reviewed by the Certified Public Accountant. The details are as follows:

Significant Events and Changes during Q1/2025

- Change of the Chairman of the Board and Board of Directors.
- The Group implemented a revised business strategy as outlined below
  1. Reborn Business Strategy – The Group transitioned its customer focus from a Business-to-Consumer (B2C) model to a Business-to-SME (B2SME) model. This strategic shift aims to attract higher-quality customers, resulting in improved payment behavior, a higher collection rate, and a lower level of non-performing accounts.
  2. Reborn Channel Strategy – The sales distribution model has been restructured from direct sales to a new structure consisting of 50% direct sales and 50% through digital and online channels, as well as sales generated via Customer Relationship Management (CRM). This transformation is expected to reduce the break-even point per sales team, lower selling and distribution expenses, and minimize credit losses.
- Outstanding obligations with Former Parent Company (SABUY)
  - On January 24,2025, the company received a letter from SABUY to withdraw its approval in principle for providing support to TSR and to terminate all loan agreements, including demanding the full repayment of the principal and accrued interest.
  - On February 20, 2025, the company sent a response letter to SABUY stating that the company is currently considering the next steps to be taken.
  - On April 4, 2025, the Company was served with a lawsuit alleging breach of contract, with a demand for repayment of debt and accrued interest totaling THB 968.34 million as of the filing date.

    The Company would like to clarify that the loan transaction referenced in the lawsuit was executed during the period when SABUY, as the major shareholder at the time, had appointed directors and executives to manage the Company. Upon reviewing the facts, the Company has found that the transaction lacked consistency, transparency, and proper

alignment with the Company's core business activities. It appears to constitute a disguised legal act (simulated transaction), involving complex and interrelated facts that have caused significant damage to the Company. The Company is currently in consultation with legal advisors and counsel to prepare a statement of defense and file a counterclaim seeking compensation for the damages caused by the plaintiff and related parties.

Summary Q1/2025 of Operating Performance

Revenue

For the three-month ended 31 March 2024, TSR group of companies generated total revenue of 226.54 million Baht. This marks a decrease of 137.11 million Baht or 37.70% 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 Q1/2025 amounted to 178.28 million Baht, showing a decrease of 120.85 million Baht or 40.40% from the same period of previous year due to a reduction in number of sales personnel and a restructuring of the sales team, as well as the fact that this period marked the initial phase of the Company's revised sales strategy.
- Interest Income from hire purchase receivable: The interest income from hire purchase receivable for the Q1/2025 was 41.89 million Baht, a decrease of 10.72 million Baht or 20.38% from the same period of previous year. The decline was primarily due to a reduction in the outstanding balance of hire purchase receivables.
- Interest Income from loan receivables: The interest income from loan receivables for the Q1/2025 amounted to 2.76 million Baht, decreasing by 3.77 million Baht or 57.75% from the same period of previous year. The decline resulted from a decrease in loan receivables, following the Company's strategic adjustment in the composition of its lending portfolio.

Cost of Goods Sold

The Cost of Goods Sold for TSR group of companies for the Q1/2025, amounted to 61.47 million Baht. This represents a decrease of 69.30 million Baht or 52.99% from the same period of previous year. The cost of goods sold as a percentage of sales revenue for Q1/2025 decreased to 34.48% compared to 43.72% in the same period of previous year. 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 TSR group of companies for the Q1/2025 amounted to 75.30 million Baht, decreasing from the same period of previous year's figure of 38.82 million Baht, representing a percentage decrease of 34.02% due to decrease in revenue from sales and Improved cost control measures.

Administrative expenses

Administrative expenses for TSR group of companies for the Q1/2025 amounted to 64.88 million Baht, showing a decrease from the same period of previous year's figure of 10.88 million Baht, representing a percentage decrease of 14.37%. This decrease is due to resulting from more effective expense management and cost control initiatives.

Expected Credit Loss

For the Q1/2025, TSR group of companies incurred an expected credit loss of 74.33 million Baht, a decrease from the same period of previous year of 14.32 million Baht, representing a decrease of 16.16%. The improvement was driven by enhanced sales efficiency, process adjustments in debt collection, and the engagement of professional debt collection service providers.

Gain (loss) on investment in equity instruments

For the Q1/2025, TSR group of companies reported a loss on investment in equity instruments of 13.44 million Baht (compared to 67.59 million Baht in Q1/2024) as follows;

(Unit: Million Baht)

Gain (loss) on investment in equity instruments	**Q1/2025**	**Q1/2024**
Profit or loss (PL)	(0.003)	(17.03)
Other comprehensive income (OCI)	(13.43)	(50.56)
Total loss	**(13.44)**	**(67.59)**

Net Loss

For the Q1/2025, TSR group of companies reported a net loss of 75.26 million Baht (compared to a net loss of 93.15 million Baht in Q1/2024), as explained by the reasons mentioned earlier. However, the Company had losses on other comprehensive income for the 1st quarter of year 2024 and 2023 amounting to 86.01 million baht and 133.60 million baht, respectively.

Financial Position

Asset

As of 31 March 2025, TSR group of companies reported total assets amounting to 1,964.95 million Baht, reflecting a decrease of 103.78 million Baht or 5.02% compared to 31 December 2023. This substantial growth in assets can be attributed to the following key factors:

- Hire purchase receivable, resulting in a decrease of 50.09 million Baht due to decrease in sales volume.
- Loan receivable, decrease by 7.28 million Baht resulting from a slowdown in the extension of new loans.
- Other financial assets, contributing to a decrease of 14.65 million Baht due to the disposal of financial assets during the period.

Liabilities

As of 31 March 2025, TSR group of companies reported total liabilities of 1,934.83 million Baht, a decrease of 12.17 million Baht from 31 December 2024. The Group recorded loan from SABUY, including principal and accrued interest, amounting to 960.51 million baht. Additionally, the Group has undergone a debt restructuring with two financial institutions, totaling an outstanding amount of 45.28 million baht, and is currently in the process of considering debt restructuring with two other financial institutions, totaling over 415.25 million baht.

The shareholder's equity

As of 31 March 2025, TSR group of companies had total equity of 30.12 million Baht, compared to 121.73 million Baht on 31 December 2024. This represents a decrease of 91.61 million Baht or a reduction of 75.26%, mainly due to the net loss incurred from the business operations during the period and losses from investments that were measured at fair value through other comprehensive income as described above. However, the company is in process of negotiating additional funding sources to support future business expansion.

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