AC.57/2025 August 13th, 2025

Dear President,
The Stock Exchange of Thailand

SGF Capital Public Company Limited would like to submit the management discussion and analysis report as of June 30th, 2025.

Operating Performance Overview: In the second quarter of 2025, the Company continued to implement a prudent strategy, placing strong emphasis on stringent screening and approval processes for new loans to maintain the quality of its loan portfolio. As a result, the portfolio size stood at THB 1,691.8 million, representing a 6.9% decrease in line with the Company's risk management plan. Total revenue was THB 93.1 million, a decline of 25.8% from the same period last year, reflecting the more cautious lending approach.

On cost management, the Company achieved a significant 52.5% reduction in financial costs through the repayment of debentures and borrowings. Operating expenses were reduced by 4.3%, and expected credit loss expenses declined by 33.2%, demonstrating the Company's continued efficiency in cost control.

During the quarter, the Company recorded a reversal of deferred tax assets in accordance with financial reporting standards, resulting in an income tax expense of THB 54.6 million. Consequently, the Company reported a net loss of THB 82.7 million for the quarter. This was purely an accounting impact and did not affect the Company's cash flow position.

Asset Quality Management: Amid the slowdown in the auto and motorcycle loan markets, the Company adopted a cautious approach in screening new borrowers to enhance loan portfolio quality. This resulted in a clear improvement in the quality of newly originated loans. Although the total loan portfolio decreased in line with the Company's risk management strategy—leading to a higher NPL ratio when measured against a smaller portfolio base—NPL levels remained within a range that the Company can effectively manage.

Financial Position and Liquidity: As of 30 June 2025, the Company maintained a strong financial position, with total liabilities declining by 27.0%, reflecting effective debt management. The net debt-to-equity ratio was at a low level of 0.38, indicating healthy liquidity and a solid capital structure, with no instances of debt default.

Q2/2025 Executive Summary: Statements of Comprehensive Income for 3 months' period
Revenues

Unit : Thousand Baht	Q2-2025	Q2-2024	change	change %
Hire purchase, Leasing and Car for cash interest income	79,443.6	110,662.9	(31,219.3)	-28.2%
Loans interest income	7,164.0	8,513.0	(1,349.0)	-15.8%
Other interest income	710.5	552.4	158.1	28.6%
Total interest income	87,318.1	119,728.3	(32,410.2)	-27.1%
Fee and services income	3,076.5	2,720.5	356.0	13.1%
Other income	2,710.7	3,055.5	(344.8)	-11.3%
Total revenues	93,105.3	125,504.3	(32,399.0)	-25.8%

As of the end of Q2-2025 (June 30th, 2025), the company had total revenues of 93.1 million baht, a decrease of 25.8% from Q2-2024 with revenue of 125.5 million baht, with details as follows:

1. Revenue from Hire Purchase Loans, Leasing Loans, and Title Loans, totaled THB 79.4 million in interest income a 28.2% decrease. This decline was primarily due to a more stringent approach to new credit approvals, resulting in a reduction of the loan portfolio.
2. Revenue from SME Loans amounted to THB 7.2 million, a decrease of 15.8%, due mainly to an increase in provision for expected credit losses.
3. Revenue from Fees and Services reached THB 3.1 million, marking a 13.1% increase as the Company generated additional income from other service-related activities.

Operating cost

As of the end of Q2-2025 (June 30th, 2025), the Company recorded administrative expenses totaling THB 49.2 million, a decrease from THB 51.4 million in the second quarter of 2024 - representing a reduction of THB 2.2 million or -4.3%. The decrease in expenses was primarily attributable to a reduction in headcount and the implementation of cost-saving measures.

Expected Credit Losses According to New Accounting Standards (TFRS9)

As of the end of Q2-2025 (June 30th, 2025), the Company recorded an expected credit loss (ECL) provision of THB 60.3 million, representing a decrease of THB 29.9 million or -33.2% compared to THB 90.2 million in Q2-2024. This ECL provision comprised with a provision for expected credit loss on retail loans THB 2.0 million and legacy loan portfolios of THB 4.3 million, a loss on the sale of seized automobiles amounting to THB 11.6 million, bad debt write-offs totaling THB 42.4 million.

Financial cost

As of the end of Q2-2025 (June 30th, 2025), the Company incurred finance costs totaling THB 11.7 million, representing a significant decrease of 52.5% from THB 24.7 million in Q2-2024. This reduction was primarily driven by a decline in outstanding debentures and borrowings from financial institutions.

Income tax expenses

As of the end of Q2-2025 (June 30th, 2025), the Company recorded income tax expenses of THB 54.6 million, primarily due to the reversal of deferred tax assets as it is not probable that future taxable profit will be available against which the tax benefit will be utilized, which in accordance with requirements of the financial reporting standards.

Net profit/loss

As of the end of Q2-2025 (June 30th, 2025), the Company recorded a loss from operations before tax of THB 28.1 million, a decrease of THB 12.7 million, or -31.2%, compared to the second quarter of 2024. However, when including an income tax item from the reversal of deferred tax assets amounting to THB 54.6 million, the Company reported a net loss of THB 82.7 million, an increase of THB 48.1 million from the second quarter of 2024. This loss from the reversal of deferred tax assets was solely an adjustment in accordance with accounting standards.

1H/2025 Executive Summary: Statement of Comprehensive Income 6 months

- 1H, at the end of June 30th, 2025, the Company has a total revenue of 190.9 million baht, a fall of 72.0 million baht from 1H/2024 at 27.4% which is equivalent to 262.8 million baht. The company stated interest on loans lowered by 68.3 million baht due to the reduced loan portfolio.

- SG&A reduced by 15.8% to 94.8 million baht from 112.6 million baht in 1H/2024, owing to expense management measures.

- The Company recorded an expected credit loss (ECL) under the Accounting Standard (TFRS9) of 118.4 million baht, a decrease from 1H/2024 which equals 166.2 million baht or a decrease of 28.7% This was mainly due to a decrease in losses from the sale of repossessed vehicles and a smaller loan portfolio.

- Finance costs amounted to THB 25.5 million, a decrease from THB 48.6 million in the six-month period of 2024, representing a reduction of 47.5%, due to lower debt obligations.

- The Company reported a loss before income tax of THB 47.9 million. After accounting for income tax from the reversal of deferred tax assets amounting to THB 56.7 million, the Company posted a net loss of THB 104.6 million, compared to a net loss of THB 59.4 million in the six-month period of 2024, representing an increase in loss of THB 45.1 million.

Analysis of financial position

Unit : Million Baht	Q2/2025	%Asset	Q1/2025	%Asset	Q4/2024	%Asset
Cash and equivalents	117.0	6.0%	205.5	9.6%	141.5	6.4%
Receivables	1,691.8	87.0%	1,818.5	84.6%	1,949.6	87.7%
Retail loan receivables (Hire purchase, Leasing and Car for cash)	*1,415.3*	*72.8%*	*1,546.9*	*72.0%*	*1,683.5*	*75.7%*
Mortgaged loan receivables	*7.4*	*0.4%*	*7.2*	*0.3%*	*5.4*	*0.2%*
Personal loans receivables	*0.6*	*0.0%*	*0.8*	*0.0%*	*0.6*	*0.0%*
Factoring receivables	*2.0*	*0.1%*	*-*	*0.0%*	*-*	*0.0%*
Loans receivables	*266.5*	*13.7%*	*263.7*	*12.3%*	*260.0*	*11.7%*
Property, plant and equipment	15.1	0.8%	19.6	0.9%	21.4	1.0%
Deferred tax asset	-	0.0%	16.8	0.8%	18.9	0.8%
Other assets	120.2	6.2%	89.4	4.2%	91.3	4.1%
Total assets	1,944.0		2,149.7		2,222.6	
Total Liabilities	470.0	24.2%	593.1	27.6%	644.1	29.0%
Total equity	1,474.0	75.8%	1,556.7	72.4%	1,578.6	71.0%

Assets

Cash and equivalents

As of June 30th, 2025, the company's cash and equivalents items were 117.0 million baht, decrease 88.5 million baht from Q1-2025 due to the repayment of debentures and loan disbursements.

Hire Purchase, Leasing, and Title Loan (Car for Cash Loan) Receivables

As of June 30th, 2025, the Company reported total receivables from hire purchase loans, leasing loans, and title loans of THB 1,415.3 million, representing a decrease of THB 131.5 million or 8.5% from Q1-2025. The decline was primarily due to the Company's more stringent policy on new loan approvals.

Land Loan Receivables

As of June 30th, 2025, the Company recorded land loan receivables of THB 7.4 million, representing an increase of THB 0.2 million from Q1-2025. This increase was driven by the Company's expanded offering of this type of loan product.

Loan Receivables (SME Loan)

As of June 30th, 2025, the company has outstanding SME Loan receivables amounting to 266.4 million baht, an increase of 2.8 million baht from Q1-2025, due to revenue recognition in accordance with IFRS9.

Credit Quality of Hire Purchase, Leasing, and Title Loan (Car for Cash Loan) Receivables

As of June 30th, 2025, the Company had hire purchase, leasing, and title loan receivables overdue by more than three installments (over 3 months) totaling THB 215.8 million, a decrease of THB 2.8 million compared to THB 218.6 million at Q1-2025. Although the amount of delinquent receivables over 3 months has declined, the total loan portfolio also decreased. As a result, the Non-Performing Loan (NPL) ratio stood at 13.8% of total net receivables in these categories. The Company has recorded an expected credit loss (ECL) provision

of THB 147.3 million, representing 9.4% of the total outstanding hire purchase, leasing, and title loan receivables.

Liabilities

As of June 30th, 2025, the Company reported total liabilities of THB 470.0 million, a decrease of THB 174.0 million or 27.0% from the end of 2024. This decline was primarily due to debt repayments. Total liabilities consist mainly of debentures and loans from financial institutions. The Company remains in full compliance with its debt obligations and continues to service its debts as scheduled. As of the reporting date, the debt-to-equity ratio (D/E Ratio) stood at 0.38 times.

Shareholders' Equity

As of June 30th, 2025, the Company reported shareholders' equity of THB 1,474.0 million, representing a decrease of THB 104.6 million from the end of 2024. The decline was primarily attributable to the Company's net loss for the period.

Please acknowledge the above matters.
Sincerely yours,

Mr. Kannanat Boonsunanondha
Chief Executive Officer