

15 May, 2020

**REF : Management Discussion and analysis for quarterly report**

Dear President  
The Stock Exchange of Thailand

SGF Capital Public Company Limited would like to submission the management discussions and analysis for quarterly report end of 31 March 2020, as the following details:

**Q1/2020 Executive Summary: Statement of Comprehensive Income**

- **Total revenue 105.9 million baht**, a 35.1% increase 27.5 million baht from 78.4 million baht in Q1/2019, because in Q1/2020 the Company has increased interest income from hire purchase receivables by 21.5 million baht due to the expansion of retail loans. SME loans have booked income according to the new accounting standard increased by 11 million baht. Other income increased by 5.4 million baht from profits from confiscated vehicle sales.
- Revenue from interest are as following:

Unit : Thousand baht	Q1 -2020	Q1 -2019	change	change%
<b>Retail Business</b>				
Hire Purchase	85,641.5	64,147.1	21,494.4	33.5%
Car for cash	130.2	-	130.2	n.a
Personal loan	148.1	194.7	(46.6)	-23.9%
Receivable purchased	24.8	498.4	(473.6)	-95.0%
<b>Total</b>	<b>85,944.6</b>	<b>64,840.3</b>	<b>21,104.3</b>	<b>32.5%</b>
<b>SME Business</b>				
Factoring	50.0	250.0	(200.0)	-80.0%
Loan (SME)	11,481.9	9,809.1	1,672.8	17.1%
<b>Total</b>	<b>11,531.9</b>	<b>10,059.1</b>	<b>1,472.8</b>	<b>14.6%</b>
Interest income	97,476.5	74,899.3	22,577.2	30.1%
Fee and Service	2,734.0	3,198.6	(464.6)	-14.5%
Others interest income	26.0	9.8	16.2	164.2%
Others income	5,713.1	337.2	5,375.9	1594.3%

- SG&A in the amount of 44.7 million baht, decreased from Q1/2019 which has 46.5 million baht expenses, representing a decrease of 3.9% due to the company has a policy to continuously control expenses.
- The remuneration for directors and executives is 2.7 million baht, a decrease from Q1/2019 which has an expense of 3.7 million baht, representing a decrease of 37.0%.

- Financial costs 12.2 million baht, an increase of 6.7 million baht from Q1/2019, from loans and issuance of debentures to use in expanding the company's credit.
- In Q1/2020, the Company recorded the expected credit loss according to the new accounting standards (TFRS9) of 35.3 million baht instead of recording bad debts and doubtful accounts in Q1/2019, with separate to expected credit loss for SME loan 10.3 million baht, hire purchase receivables 12.3 million baht and expected credit loss from the transfer of receivables to foreclosed assets 12.7 million baht.
- The company has profit from operating before income tax of 10.9 million baht and a net profit of 10.9 million baht. Net profit in Q1/2020 is higher than Q1/2019 which has a net profit of 3.4 million baht, representing an increase of 220.6% YoY.

### Q1/2020 Executive Summary: Statement of Financial Position

	Q1/2020	%Asset	Q4/2019	%Asset	Q1/2019	%Asset
Cash/Short term investment	274.1	11.8%	215.9	9.2%	140.8	6.5%
Receiveable	1,873.5	80.4%	2,002.4	85.3%	1,909.7	87.6%
Hire Purchase (Retail)	1,564.4	67.1%	1,599.1	68.1%	1,278.5	58.6%
Car for cash	2.9	0.1%	2.7	0.1%	-	58.6%
Personal loan	2.1	0.1%	2.2	0.1%	2.8	0.1%
Purchase of receiveable (F	0.1	0.0%	0.1	0.0%	0.3	0.0%
Factoring	-	0.0%	13.2	0.6%	3.2	0.1%
Loan (SME)	304.0	13.0%	395.2	16.8%	625.0	28.7%
PP&E	61.9	2.7%	32.1	1.4%	37.2	1.7%
Deferred Tax asset	28.1	1.2%	28.1	1.2%	30.7	1.4%
Others	92.4	4.0%	68.9	2.9%	61.4	2.8%
<b>Total Assets</b>	<b>2,330.0</b>		<b>2,347.4</b>		<b>2,179.8</b>	
<b>Total Liabilities</b>	<b>678.4</b>	<b>29.1%</b>	<b>568.4</b>	<b>24.2%</b>	<b>453.1</b>	<b>20.8%</b>
<b>Total shareholder equity</b>	<b>1,651.6</b>	<b>70.9%</b>	<b>1,779.0</b>	<b>75.8%</b>	<b>1,726.7</b>	<b>79.2%</b>

- New Hire Purchase loan and Car for cash in Q1/2020 are totaling 126.7 million baht. The number of receivables (hire purchase) was 1,564.4 million baht, decreased from Q4/2019 by 34.7 million baht, representing a decrease of 2.2% QoQ due to the company being more cautious in granting loans from Corona virus-19 pandemic. However, these loans have continued to grow from Q1/2019 in the amount of 285.9 million baht or 22.4% YoY.
- Loan (SME) receivables have an outstanding balance of 304 million baht, a decrease of 91.2 million baht from Q4/2019 due to the provision from new accounting standards.
- Cash and short term investment amount 274.1 million baht, increased 82.3 million baht from Q4/2019.
- Total Liabilities are 678.4 million baht (D/E ratio 0.41). The company has liabilities from apply loans for credit expansion. Equity 1,651.6 million baht.

**Retail Business**

- Currently, the company has 41 branches that have the policy to increase sales efficiency and debt collection in order to control NPL debt. In the current situation, there is an outbreak of Corona virus-19. The company has closely monitored the progress of this situation to assess the impact, set up additional guidelines and measures to continuously handle as well as follow up on debtors that have been affected in the ability to pay for finding repayment solutions.
- As of 31 March 2020, the company has 286 employees, decreased 23 persons from Q1/2019 but increased 2 persons from Q4/2019 which 209 employees operated at our branches and has more than 1,000 agents.
- Loan quality: Quality of receivables as of Q1/2020, the company has receivables that are overdue more than 3 installments, equal to 6.2% from the impact of the Corona virus-19. The company has recorded expected credit losses of 85.5 million baht.

Please be acknowledged the above matters.

Sincerely yours,

Mr. Kannanat Boonsunanondha  
Chief Executive Officer