

## Q&A from Opportunity Day on 21 November 2023

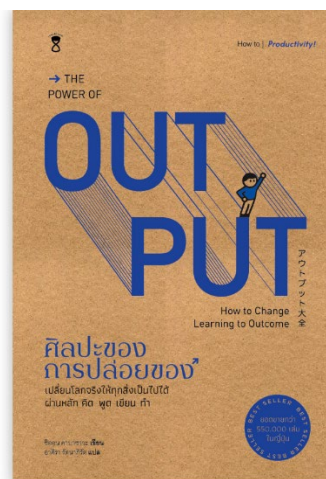
### **Sabina Public Company Limited**

Question 1 Could I please seek Khun Bunchai and Khun Duangdao's suggestions for a couple of books that can be applied to work or life in general?

Answer Khun Bunchai suggested



Khun Duangdao suggested



Question 2 What is the outlook of sales growth QoQ and YoY in Q4/2023? What level is it expected to reach and according to what factors?

Answer It is expected that the growth for the whole year will reach 10% YoY, higher than 2019, and the NSR channel has experienced particularly high growth.

Question 3 Please provide updated information on sales in the Philippines. What were sales like for Q2 and Q3?

Answer Currently, sales in the Philippines are very low; below 1% of the overall revenue.

Question 4 What is the sales target in the Philippines next year? What is the growth plan for the future?

Answer We have set a target of double-digit growth, focusing on offline sales in shopping malls as a priority as there is space there for us to penetrate.

Question 5 Initial profits in Q3 were 50.8%, which was higher than in other quarters, what is the reason for this? Do you think you will be able to maintain the 51% benchmark in the future?

Answer This has been answered at the Opportunity Day.

Question 6 Is it raw material prices that have caused our GPM to move up and down each quarter?

Answer This has been answered at the Opportunity Day.

Question 7 What is your target for GPM and NPM revenue for next year?

Answer To maintain the GPM level close to the present level and increase the NPM.

Question 8 Do you have any plans to further develop production of nipple covers and adhesive bras? Our adhesive bras' price is still quite high.

Answer Since the company already has these products in our portfolio, we don't have any additional plans for them.

Question 9 Since the minimum wage will continue to gradually increase, can we compensate for it by increasing the prices of our products? For example, if the minimum wage increased to 400 baht, we could increase our prices by 1% and revenue would increase by 34 million baht, and this would cover it.

Answer The company has prepared a plan to deal with increasing minimum wage, so we don't need to increase our prices. Prices will increase according to new collections.

Question 10 For the bonus this year, do you set it aside in advance by averaging equally throughout all quarters or do you set higher bonus for Q4 than other quarters? If higher for Q4, by how much?

Answer This has been answered at the Opportunity Day.

Question 11 Could Khun Bunchai talk a little bit about our competitor, Uniqlo? What are their strengths and weaknesses compared to Sabina?

Answer We are unable to talk about other brands openly in writing, however, Sabina's strengths are our quality and expertise, which stem from having been in the market for a long time.

Question 12 What is the overall direction of the industry in Q4/2023? Will purchasing power recover better than QoQ and YoY? By how much and according to what factors?

Answer The outlook is positive as Christmas and New Year are strong shopping periods.

Question 13 Will there be any new stores opening in Q4/2023? Approximately how many? By year end, how many branches will there be?

Answer The number of points of sales by year end will be approximately 520. However, we will be focusing more on mobile pop-up stores rather than fixed ones.

Question 14 For 2024, what is your total sales growth target? What level do you plan to reach? What is the growth in percentage compared with YoY?

Answer In 2024, we plan to grow by double digits.

Question 15 What is your budget for investment in 2024? What will it support? How many branches will you expand to both locally and internationally?

Answer We set budget for new equipment at around 50 million baht, and we plan to expand by more than 20 stores overseas.

Question 16 Do you have interest in expanding to additional new markets overseas? How many are there being considered right now? In 2024, can we expect to see expansion in new market overseas or M&A in at least 1 – 2 countries?

Answer This has been answered at the Opportunity Day.

Question 17 What is the domestic sales forecast for Sabina Brand (Retailer) + Non-Store Retailing sales and OEM sales in Q4/2023? Are we able to achieve it and how will it be achieved? What is your marketing strategy for the last part of 2023?

Answer This has been answered at the Opportunity Day.

Question 18 How can we manage the cost of using shopping platforms such as Shopee/Lazada? Since our sales are quite dependent on them, and they charge higher fees.

Answer We work closely with these platforms and, as we are the no. 1 selling brand on them, we have some power in negotiations.

Question 19 In 2024, how many new product launches are planned?

Answer Approximately 12 new products. We will have new collections every month.

Question 20 How was our performance on 11.11?

Answer This has been answered at the Opportunity Day.

Question 21 What is the NSR from our own online channel?

Answer Currently it is very small, less than 5% of the revenue from other platforms.

Question 22 What is the outlook for OEM?

Answer The outlook is positive; however, it is expected to fully return in the second half of 2024.

Question 23 How are our selling expenses in Q4?

Answer They are expected to be close to Q3.

Question 24 The new business included in the NSR, that competes with non-brand products, is growing very fast, what sales channel is being used?

Answer This has been answered at the Opportunity Day.

Question 25 Why have liabilities under lease agreements increased so much?

Answer It increases according to the lease terms. (space rental, vehicle rental)

Question 26 From the targets set, where will the growth come from and what strategies will you use?

Answer This has been answered at the Opportunity Day.

Question 27 Please describe the strategies for expanding into the non-brand market.

Answer We have products which we call “Happy Bar”. The price level of these products does not exceed 400 baht and they are sold online, so the cost of sales is low. We also offer discounts to attract non-brand customer groups to make our products more affordable.

Question 28 Are there any concerns for next year?

Answer Mostly the concerns are due to external factors such as war, declining economy, high household debt in Thailand.

Question 29 Financing costs have increased by almost 100%. What is the cause of this and what is the current interest rate? How are you going to continue operations?

Answer This has been answered at the Opportunity Day.

Question 30 How was SSG in Q3 and what is the forecast for Q4?

Answer The company doesn't focus on SSG. We focus on P&L of each individual store and we conduct profit and loss assessments in order to close down stores that don't generate profit and open new stores in locations with high traffic.

Question 31 How were the sales of 10/10 and 11/11, compared to 9/9?

Answer This has been answered at the Opportunity Day.

Question 32 Will GP% in Q4 be better than in Q3?

Answer It is expected that Q4 will be similar to Q3.

Question 33 Why is the revenue from retail branches flat?

Answer The Mall's main branch is currently closed for renovations and is expected to fully reopen next year.

Question 34 How is the revenue in the Philippines and is there a lot of competition?

What is our market share?

Answer The market leader is Triumph. They have been operating there for 40 years. While we are still small, we don't know the exact market share.

Question 35 For the overseas sales model, do we sell our own manufactured products, or do we contract an overseas factory to manufacture for us?

Answer We export products from Thailand.

Question 36 Does the policy of E Refund 50,000 baht at the beginning of next year or Digital Wallet 10,000 affect the decision to buy Sabina products at the end of the year?

Answer The company expects to receive positive results from both policies.



Question 37 How did the company make AR Day so low? Or is it because the sales ratio through the NSR channel collects money faster than the modern trade channel?

Answer Yes. Part of this comes from the growth of NSR. The bigger NSR growth, the better AR.

Question 38 In the future, if the company needs more working capital or investment, will it choose to borrow money to maintain 100% dividend payment as before, or will you reduce dividend payment?

Answer Inventory management will be improved to maintain 100% dividend payout.

Question 39 Could I ask the CEO to update the export plan? Is Sabina only focusing on the Philippines right now? How does this work?

Answer We already have distributors in each country, but only in the Philippines do we already have M&A.

Question 40 Could I seek Khun Bunchai's opinion? Sabina's customers are on average younger than Wacoal's, right? Now, if the customers get older, will they switch to Wacoal? Do you have the impression that Wacoal products are more expensive and might be better than ours?

Answer We have different target groups. In the past Sabina had a lot of products aimed at teenagers, but now we have products covering all age groups. It is expected that the propensity to switch brands due to aging will decrease.

Question 41 Is the consumer behavior of Filipinos and Thais different? What risks apply there, compared to selling underwear in Thailand?

Answer There is not much difference, as Filipinos like Thai products. If there are differences, they are minor, for example some parts of the product must be adjusted to match Filipino people, such as the arm straps being shorter than for Thai people.

Question 42 One day, will Sabina's OEM products disappear? Why?

Answer No they will not. We will keep OEM to align with global trends.

Question 43 What percentage does the company have of machinery in its work? And what is the maximum percentage it can be reduced?

Answer In the production of underwear, people and machines are both necessary. There is still a need for people to operate the machines.

Question 44 Will there be any collaborations with other brands next year?

Answer Of course, please stay tuned.

Question 45 Overall, how is the low economic growth this year and next year expected to affect us over the next year? How are we going to adapt?

Answer This year, despite the bad economy, Sabina still made good profits. We are confident that even though the overall economic situation is gloomy, we have improved our situation regarding expenses, to enable us to generate higher profits.

Question 46 Please provide more updates on the Philippines. What is the current plan for next year? Are you going to continue expanding branches? What are your goals and what are the strategies?

Answer Emphasis is on expanding branches, because our share in the Philippines is still very small. Therefore, we must expand our points of sales to shopping malls; there are many areas we haven't tapped into.

Question 47 Please share some knowledge about tariffs. Exporting outside of Asia will be more expensive with regard to taxes than within Asia, right? Is it because of trade agreements or similar?

Answer Yes, it will be more expensive outside ASEAN. In ASEAN, there are no import taxes because of trade agreements among ASEAN countries. Therefore, Sabina is focusing on ASEAN countries first.

Question 48 How does the company perceive the trend of using nipple covers?

Answer It should grow along with the outerwear clothing market.

Question 49 This Question is about OEM. What countries are the new Eastern customers from? How big is this new market? Why did they choose us to produce for them? I understand that Eastern people are likely to have small breasts like us.

Answer The new market is in Dubai. The market is not very big yet, it is high fashion products. The reason for choosing to work with us is because of quality, meticulousness and expertise. As for the physique, Eastern customers are quite full-figured. In the future, these customers will likely want to produce plus-size products as well.

Question 50 What is the growth target for 2024? What's the plan?

Answer This will be clearer at the Q4 Opportunity day. But initially, the goal is to grow at the double-digit level.

Question 51 What level is Q4 GP?

Answer The level is close to Q3.

Question 52 How do you view next year? What is the target for revenue growth? What percentage? From which BU will the growth come?

Answer Growth will come from NSR and OEM customers in the second half of the year.

Question 53 I'd like to know what Sabina sees as the most worrying risks right now.

Answer External factors such as war, household debt, economic conditions.

Question 54 Will the gross profit margin and net profit margin be higher next year?

Answer We will maintain GPM close to present levels and increase NPM.