

ASSETwise

(- Unofficial Translation -)

April 27, 2021

Subject: Management Discussion and Analysis for the year 2020

Attention: President, The Stock Exchange of Thailand

AssetWise Public Group Limited (the “Group”) would like to provide Management Discussion and Analysis for the year 2020 as follows:

Overview of operating results

For the year ended 31 December 2020, the Group recorded sales and service revenue of THB 4,205.02 million which main source of revenue came from sales of real estate. The total revenue increased THB 1,580.06 million or 60.19% from last year. For the year 2020, the Group had gross profit of THB 1,856.54 million, or equivalent to 44.15%. While selling expenses and administrative expenses was THB 451.76 million and THB 355.79 million, respectively. The Group recorded net profit of THB 870.75 million, or equivalent to 20.59%.

Sales and service revenue

In 2020, the Group recorded sales and service revenue of THB 4,205.02 million which increased THB 1,580.06 million or 60.19% from last year. The real estate development for sales business contributed majority of revenue which were recognized when the Group had completely transferred the ownership to their customers. Regarding revenue from rendering services and rental business, the Group expanded into two new business units during the year 2019 in order to support their main real estate development for sales business; the real estate development for rent business operated under Treasure M and the real estate brokerage service business under Asset A Plus.

Sales of real estate

In 2020, the Group recorded sales of real estate at THB 4,198.99 million which increased THB 1,576.66 million or 60.12% from last year. The Group recorded sales of real estate of 1,940 units of their 18 projects. Sales increased from the previous year because size of projects completed and started transferring during the year 2020 were large projects; such as, Atmoz Chaengwattana, Atmoz Ratchada-Huaikwang, and Kave Town Space. In addition, units of projects completed in year 2019 were transferred to customers continuously. Most customers decided to transfer during the period because the policy interest rate remains low, and discounts and promotions offered by the Group despite the outbreak of coronavirus (COVID-19) pandemic.

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Cost of real estate units sold

In 2020, the Group recorded their cost of real estate units sold at THB 2,341.91 million which increased THB 748.77 million from last year. The amount was in line with the number of transferred units and the amount of sales of real estate. The cost of real estate comprised cost of land and land improvement, project development costs, interest cost and other development expenses; for example, project and landscape design cost, construction consultant fees, and related license fees issued by the government authorities etc.

Gross profit

In 2020, the Group had gross profit of THB 1,856.54 million which increased THB 825.46 million from last year, equivalent to the gross profit margin of 44.15%, higher than the gross profit margin of 39.28% in the previous year. The gross profits were in line with the sales of real estate which were the majority of the sales and service revenue. The gross profit margin had increased gradually over time because their emphasis in the sales pricing policy and cost control activities as planned during the project feasibility study phase. Moreover, the gross profit margin of projects completed in late 2019 onwards e.g. Atmoz Ladprao 15, Atmoz Chaengwattana, Atmoz Ratchada-Huaikwang, and Kave Town Space, were higher than past projects because they had lower portion of land cost from their effective vacant land selection process, project development cost control process, and lower interest rate of Project Finance loan although they had larger size and higher project value.

Selling expenses

In 2020, the Group recorded selling expenses of THB 451.76 million, increased THB 135.15 million or 42.69% from last year. The higher amount was mainly caused by higher agent fees and commissions expenses of the selling agent of overseas customers that transferred condominium units during the year. However, advertising expenses and sales promotion expenses were lower because the Group had implemented cost control policy and cash flow management during the outbreak of coronavirus (COVID-19) pandemic.

Administrative expenses

In 2020, the Group recorded administrative expenses of THB 355.79, increased THB 32.46 million or 10.04% from last year. It was closed to the previous year in terms of both amount and proportion to sales. It mainly comprised of salaries and wages, office and utilities expenses, and after-sales and common expenses of units of the completed projects owned by the Group.

Net profit

In 2020, the Group recorded net profit of THB 870.75 million which increased THB 573.68 million from last year, equivalent to the net profit margin of 20.59%, higher than the net profit margin of 11.29% in the previous year. These numbers were in line with sales and gross profit of their real estate development business in each year.

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The higher amount was mainly driven by effective cost control management especially from cost of land and project development costs. In addition, selling and administrative expenses were consciously controlled during the outbreak of coronavirus (COVID-19) pandemic.

Financial position

Assets

As of year ended 2020, total assets of the Group increased by THB 1,300.37 million from last year mainly due to cost of land from transferring land plots of Modiz Launch and Modiz Rhyme Ramkhamhaeng projects and cost of projects under development.

Liabilities

As of year ended 2020, total liabilities of the Group increased by THB 719.48 million from last year. Trade account payables and other payables increased THB 544.65 million from last year due to items related to operating result and number of projects under development including trade account payables amounts of main contractors, retention amounts in construction contracts, and estimated amounts due to complete projects. Long-term loan from financial institutions also increased THB 260.53 million from last year due to loan for purchase land plots of Modiz Rhyme Ramkhamhaeng project and loan drawdown for construction of projects under development.

Shareholders' Equity

As of year ended 2020, total shareholders' equity of the Group increased by THB 580.88 million from last year mainly from net profit from operations of THB 873.90 million.

Please be informed accordingly

Yours Sincerely

(Mr. Kromchet Vipanpong)
Chief Executive Officer