

ASSETWISE

(- Unofficial Translation -)

May 12, 2021

Subject: Management Discussion and Analysis for Quarter 1/ 2021

Attention: President, The Stock Exchange of Thailand

AssetWise Public Company Limited (the “Group”) would like to provide Management Discussion and Analysis for quarter 1/ 2021 as follows:

Overview of operating results

For the period ended 31 March 2021, the Group recorded sales and service revenue of THB 1,173.74 million which main source of revenue came from sales of real estate. The Group had gross profit of THB 569.40 million, or equivalent to 48.51 %. While selling expenses and administrative expenses was THB 112.82 million and THB 106.25 million, respectively. The Group recorded net profit of THB 320.05 million, or equivalent to 25.67%.

Sales and service revenue

In quarter 1/2021, the Group recorded sales and service revenue of THB 1,173.74 million which increased by THB 582.45 million or 98.50 % from THB 591.30 million in quarter 1/2020. 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 rent and services from the real estate for rent business, which operated under Treasure M and the real estate brokerage service business under Asset A Plus, the revenue these businesses also increased. In addition, in quarter 1/2021, the Group started to record sales and service revenue from management fee charged to a joint venture for THB 20.35 million.

Sales of real estate

In quarter 1, 2021, the Group recorded sales of real estate at THB 1,150.48 million which increased by THB 560.33 million or 94.95% from THB 590.15 million in quarter 1/2020. The Group recorded sales of real estate of 553 units of their 19 projects. In quarter 1/2021, sales increased because size of projects completed before quarter 1/2021 and transferred during quarter 1/2021 were large projects; such as, Atmoz Chaengwattana, Atmoz Ratchada-Huaikwang, and Kave Town Space and were transferred to customers continuously. And size of project completed and started transferring in quarter 1/2021 was Kave Town Shift was also large project. 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.

ASSETwise

Cost of real estate units sold

In quarter 1/2021, the Group recorded their cost of real estate units sold at THB 593.67 million which increased by THB 277.22 million or 87.60% from THB 316.45 million in quarter 1/2020. The amount was in line with the increase of unit transferring in quarter 1/2021 as describing in sales and service revenue that the cost of real estate units sold is in line with number of transferred units and the amount of sales of real estate in that period. 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 quarter 1/2021, the Group had gross profit of THB 569.40 million which increased by THB 295.09 million or 107.57% from THB 274.31 million in quarter 1/2020, equivalent to the gross profit margin of 48.51%, higher than the gross profit margin of 46.39 % in the same period of 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 since late of quarter 1/2020 onwards e.g. Atmoz Ladprao 15, Atmoz Chaengwattana, Atmoz Ratchada-Huaikwang, Kave Town Space, and Kave Town Shift, 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.

Other income

In quarter 1/2021, the Group recorded other income of THB 73.12 million which increased by THB 70.93 million or 3,251.65 % from THB 2.18 million in quarter 1/2020. The increase was mainly from gain from disposal of investment in a subsidiary and gain from remeasurement of investment at fair value for THB 66.48 million.

Distribution cost

In quarter 1/2021, the Group recorded distribution cost of THB 112.82, increased THB 12.84 million or 12.85% from THB 99.98 million in quarter 1/2020. The increase is mainly from unit transferring expense which increases following the amount of unit transferring owned by the Group in quarter 1/2021.

ASSETwise

Administrative expenses

In quarter 1/2021, the Group recorded administrative expenses of THB 106.25 which increased by THB 29.76 million or 38.91% from THB 76.49 million in quarter 1/2020. It was closed to the previous year in terms of both amount and proportion to sales. It mainly comprised of salaries, wages, office expenses, utilities expenses and after-sale and common expenses of units of the completed projects owned by the Group.

Net profit

In quarter 1/2021, the Group recorded net profit of THB 320.05 million which increased by THB 250.75 million or 361.85% from THB 69.30 million in quarter 1/2020, equivalent to the net profit of 25.67%, higher than the net profit of 11.68% in the same period of previous year. These numbers were in line with sales and gross profit of their real estate development business in each year. 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. In addition, in quarter 1/2021, the Group recorded gain from disposal of investment in a subsidiary and gain from remeasurement of investment at fair value for THB 66.48 million or equivalent to 5.33% of total revenue.

Financial position

Assets

As of period ended of quarter 1/2021, the Group recorded total assets of THB 8,664.01 million which increased by THB 504.01 million or 6.18% from THB 8,160.00 million as of year ended 2020 mainly due to an increase of inventory for THB 206.26 million. The increase in inventory was from construction projects in quarter 1/2021 such as Modiz Sukhumvit 50 and Kave TU which were large projects and their construction were nearly completed.

Liabilities

As of period ended quarter 1/2021, the Group recorded total liabilities of THB 6,435.31 million which increased by THB 572.00 million or 9.76 % from THB 5,863.31 million as of year ended 2020. The main reasons were trade account payables and other payables, increased by THB 399.55 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 and increase of dividend payable, which was announced dividend payment at near end of quarter 1/2021. Long-term loan from financial institutions also increased by THB 239.62 million from last year due to loan drawdown for construction of projects under development.

ASSETwise

Shareholders' Equity

As of period ended quarter 1/2021, the Grouped recorded total shareholders' equity of THB 2,228.70 million which decreased by 67.99 million or 2.96% from THB 2,296.68 million as of year ended 2020 mainly from increase of net profit in quarter 1/2021 by THB 320.05 million and decrease of dividend which announced at near end of quarter 1/2021 of THB 388.00 million.

Please be informed accordingly

Yours Sincerely

(Mr. Kromchet Vipapong)
Chief Executive Officer