

No. CHEWA 21-11/01

12th November 2021

Subject Explanation and analysis of the Management for the three-month period ended 30th September 2021 (edit)

To Directors and Managers
Stock Exchange of Thailand

Summary on the Performance Overview

For the third quarter of 2021, we had total revenue of 416.64 million baht which increased by 58.91% from the same period of the previous year. This resulted in the net profit operation of 4.69 million baht. In the same period of the previous year, we suffered a loss from the operation for 32.49 million baht. Our revenue from the transfer of condominium ownership grew by 258.19% while the revenue from low-rise projects decreased by 18.74% compared to the same period of last year.

The Company had Backlog as of 30th September 2021, totaling 1,759 million baht. The ownership was expected to gradually be transferred in 2021 for 437.70 million baht. The rest of 1,321.30 million baht will be started to transfer the ownership in the third quarter of 2022.

Operational performance and financial position for the three-month and nine-month periods ended 30th September 2021

Unit : million baht

Statement of comprehensive income	For three-months period				For nine-months period			
	Q3'21	Q3'20	Change	%	Q3'21	Q3'20	Change	%
Revenue								
Revenue from sale of real estate	416.64	262.19	154.45	58.91	1,564.32	897.42	666.90	74.31
Other income	13.66	3.85	9.81	254.75	36.74	14.40	22.34	155.14
Total Revenue	430.30	266.04	164.26	61.74	1,601.06	911.82	689.24	75.59
Expenses								
Cost of real estate sold	305.17	200.65	104.52	52.09	1,159.30	698.99	460.31	65.85
Selling expenses	46.06	40.14	5.92	14.75	155.31	126.79	28.52	22.49
Administrative expenses	46.56	45.01	1.55	3.44	144.21	136.01	8.20	6.03
Total Expenses	397.79	285.80	111.99	39.18	1,458.82	961.79	497.03	51.68
Profit before share of profit (loss) from investments in joint venture and associate, finance costs and income tax	32.51	(19.76)	52.27	264.54	142.24	(49.97)	192.21	384.65
Share of profit (loss) from investment in joint venture	(1.92)	(1.42)	(0.50)	(35.21)	(6.01)	(6.76)	0.75	11.09
Share of loss from investments in associates	(0.98)	(1.01)	0.03	2.97	(3.04)	(2.12)	(0.92)	(43.40)
Profit before finance costs and income tax	29.61	(22.19)	51.80	233.45	133.19	(58.85)	192.04	326.32
Finance costs	23.00	24.50	(1.50)	(6.12)	62.83	37.56	25.27	67.28
Profit (loss) before income tax	6.61	(46.69)	53.30	114.16	70.36	(96.41)	166.77	172.98
Income tax expenses	(1.92)	14.20	(16.12)	(113.52)	(15.89)	19.69	(35.58)	(180.70)
Profit (loss) from operation	4.69	(32.49)	37.183	114.44	54.47	(76.72)	131.19	171.00
Profit from cancelled operation	-	206.76	(206.76)	(100.00)	-	213.80	(213.80)	(100.00)
Profit (loss) for the period	4.69	174.27	(169.58)	(97.31)	54.47	137.08	(82.61)	(60.26)
Gross Profit Margin from sales of real estate (%)	26.76%	23.47%			25.89%	22.11%		
Net profit %	1.09%	(12.21%)			3.40%	(8.41%)		

Revenue from the operational performance

1. Revenue from the sales of real estate

For the third quarter of 2021, the revenue from real estate sales amounted to 416.64 million baht, representing 96.83% of total revenue. This was an increase of 154.45 million baht from the same period last year or an increase of 58.91% divided into:

- Revenue from condominium projects amounted to 263.37 million baht or 63.21% of revenue from real estate sales. This was the increase from the same period last year by 189.90 million baht or 258.19%. In the first quarter of 2021, we had a new condominium project that was completed and started to transfer ownership, namely the Chewathai Hallmark Project, Ladprao-Chokchai 4, as the main revenue for 122.17 million baht. In addition, there was the remaining revenue that has gradually been recognized from the total of 4 past projects. In the third quarter of 2021, the revenue of Chewathai Kaset-Nawamin Project was recognized for 92.52 million baht.
- Revenue from low-rise projects amounted to 153.26 million baht representing 36.79% of revenue from real estate sales. This was the decrease from the same period of the previous year in the amount of 35.35 million baht or 18.74%. We have no new launch project in the third quarter of 2021.

Remark: As we sold investment properties (10 prefabricated factories for rent) in the 3rd quarter of 2020, in 2021, there is no revenue from factory rental and service fees.

2. Other revenues

We have other revenues of 13.66 million baht or 3.17% of the total revenue. In the third quarter of 2021, we had other revenues increasing from the same period of the previous year by 9.81 million baht or 254.75%.

Cost of sales and gross profit

For the third quarter of 2021, we had cost of real estate sales amounting to 305.17 million baht or 73.24% of revenue from real estate sales. This increased from the same period last year by 104.52 million baht or 52.09% in line with the increase in revenue recognition. The gross profit margin from real estate sales was 26.76%, which is an increase of 3.28% from the same period last year. It can be seen that we have better management of costs and selling prices. We also had gross profit of 111.48 million baht.

Selling and administrative expenses

For the third quarter of 2021, we had total selling and administrative expenses of 92.62 million baht or 22.23% of total revenue. This was the increase from the same period of the previous year by 7.47 million baht or an increase of 18.19%. The increase is in line with the revenue recognition. Compared to the selling rate and administrative expenses to total revenue (SG&A) from the same period last year, it decreased from 32.48% to 22.23%.

Share of profits from investments in joint ventures and associates

The share of profits from investments in joint ventures is the recognition of profit sharing from investment in Chewathai Hup Soon Company Limited (“CTHS”) where we hold 50% of the shares and in Chewa Heart Company Limited (“CWH”) where we hold 70% of the shares. As a result, we recognized the share of loss from investments in joint ventures in the third quarter for 1.92 million baht.

The share of profits from investments in associates is recognition of share of profit sharing from investment in Kamala Senior Living Company Limited. We have entered into a joint venture agreement with 25% of shareholding. We recognize the share of loss from investment in the associates in the third quarter for 0.98 million baht.

Chiva Heart Company Limited is the developer of 2 projects, namely Heart Sukhumvit 62/1 Project worthing 160 million baht and Heart Sukhumvit 36 Project worthing 270 million baht. Kamala Senior Living Company Limited is the developer of Otium Phuket Project worthing 4,408 million baht which is in the project development process.

Net profit

From the operational performance of the third quarter of 2021, we and the subsidiaries had the net profit **operation** of 4.69 million baht, which is an increase of 37.18 million baht from the same period last year or an increase of 114.44%. Our net profit margin was 1.09%.

Financial Position Analysis as of 30th September 2021, compared to as of 31st December 2020

(Unit : million baht)

Financial Position	30 Sep 21	31 Dec 21	Change	%
Total asset	6,421.95	6,683.01	(261.06)	(3.91)
Total Liability	4,533.25	4,822.12	(288.87)	(5.99)
Shareholders' equity	1,888.70	1,860.89	27.81	1.49

Total assets

As of 30th September 2021, our total assets amounted to 6,421.95 million baht. The decrease of 261.06 million baht from the previous year or the 3.91% decrease was mainly due to the decrease in inventories as we have an increase in the transfer of ownership rights.

Total liabilities

As of 30th September 2021, we had total liabilities of 4,533.25 million baht. The decrease of 288.87 million baht from the previous year or the 5.99% decrease was mainly due to the decrease in loan repayment from financial institutes with the increase in the ownership transfer.

Shareholders' equity

Shareholders' equity as of 30th September 2021, amounted to 1,888.70 million baht. The increase of 27.81 million baht from the previous year or the increase of 1.49% was because we had the net profit from the operation during the first, second and third quarters of 2021 from the dividend payment for 26.65 million baht.

Please be informed.

Sincerely Yours,

(Mr. Boon Choon Kiat)

Managing Director