

No. CHEWA 22-08/03

August 10th, 2022

Subject: Explanation and analysis of the management for the three-month and six-month period ending June 30st, 2022.

Attention: Directors and Managers
Stock Exchange of Thailand

Performance result overview

The overall picture of the Thai real estate market in the second quarter of 2022 is likely to recover from the pandemic crisis of Covid-19 for the past two years. However, there it must still face the impact of both oil prices and rising inflation, which affects the cost of living. The cost of goods and building materials have increased. All these factors affect the ability to buy and invest in real estate. The public and private sectors are working together to provide stimulus to make it more conducive to buying and selling such as the reduction of ownership transfer cost and mortgage costs for both new and second-hand homes, as well as the temporary relaxation of the Bank of Thailand's (BOT) on mortgage control measures (LTV). It's an important factor that makes it easier for consumers to make decisions. However, the company has adjusted its business plan according to the situation regarding the various marketing plans to stimulate sales in order to accelerate the drainage of inventories as much as possible by also increasing its online sales channels, and the company remains focused on cost management to have the most cost-effectiveness and efficiency in order to keep the business running in a stable manner.

For the second quarter of 2022, Chewathai Public Company Limited and its subsidiaries had total revenue amounted to 1,195.96 million baht, an increase of 25.20 million baht or 2.15% from the same period last year. For the three-month period, the amount increased to 889.25 million baht, an increase of 344.73 million baht or 63.31%. This was mostly due to the transfer of ownership for 12 high-rise projects, amounted to 577.76 million baht, or 64.97% of total revenue, and 7 low-rise projects, amounted to 302.40 million baht, or 34.01 million baht for each project. And other income of 9.09 million baht, or 1.02% of total revenue.

This results in a comprehensive net profit of the company and subsidiaries for the period of 100.43 million baht, compared to the same quarter last year of 49.76 million baht, or an increase of 50.67 million baht and a net profit margin of 101.83%

However, the company set the target of sales and revenue recognition for the year of 2022 is approximately to 2,800 million baht. In the second quarter of 2022, revenue from real estate sales totaled 1,178.84 million baht, or 42.10% of the target revenue. which is divided into high-rise projects amounted to 769.73 million baht, or 27.49 percent, and revenue of low-rise projects amounted to 409.10 million baht, or 14.61% of projection revenue. which in the second half of this year The Company has another project awaiting recognition of revenue from transfer of ownership, which will result in the operation as expected.

Table for performance comparison during three-month and six-month periods as of June 30, 2021 and 2022.

Unit: Million Baht

Statement of comprehensive income	For three-months period				For six-months period			
	Q2'2022	Q2'2021	Change	%	Q2'2022	Q2'2021	Change	%
Revenue								
Revenue from sale of real estate	880.16	530.43	349.73	65.93	1,178.84	1,147.68	31.16	2.72
Other income	9.09	14.09	(5.00)	(35.49)	17.12	23.08	(5.96)	(25.82)
Total Revenue	889.25	544.52	344.73	63.31	1,195.96	1,170.76	25.20	2.15
Expenses								
Cost of real estate sold	635.08	394.71	240.37	60.90	843.09	854.13	(11.04)	(1.29)
Selling expenses	75.41	58.43	16.98	29.06	122.29	109.25	13.04	11.94
Administrative expenses	43.20	40.47	2.73	6.75	87.18	97.66	(10.48)	(10.73)
Total Expenses	753.69	493.61	260.08	52.69	1,052.56	1,061.04	(8.48)	(0.80)
Profit before share of profit (loss) from investments in joint venture and associate, finance costs and income tax	135.56	50.91	84.65	166.27	143.40	109.72	33.68	30.70
Share of profit (loss) from investment in joint venture	4.69	(2.18)	6.87	315.14	3.28	(4.10)	7.38	180.00
Share of loss from investments in associates	(0.08)	(1.07)	0.99	92.52	(1.05)	(2.06)	1.01	49.03
Profit before finance income, finance costs and income tax	140.17	47.66	92.51	194.10	145.63	103.56	42.07	40.62
Finance costs	(11.94)	(22.28)	10.34	(46.41)	(21.69)	(39.83)	18.14	(45.54)
Profit (loss) before income tax	128.23	25.38	102.85	405.24	123.94	63.73	60.21	94.48
Income tax expenses	(27.88)	(5.72)	(22.16)	387.41	(27.60)	(13.97)	(13.63)	97.57
Profit (loss) from operation	100.35	19.66	80.69	410.43	96.34	49.76	46.58	93.61
Comprehensive income for the period	-	-	-	-	4.09	-	4.09	100.00
Profit (loss) for the period	100.35	19.66	80.69	410.43	100.43	49.76	50.67	101.83
Gross Profit Margin from sales of real estate (%)	27.84%	25.59%			28.48%	25.58%		
Net profit (%)	11.28%	3.61%			8.40%	4.25%		

Operating Income

1. Real estate sales revenue

For the second quarter of 2022, the Company had income from real estate sales of 880.16 million baht or 98.98% of total revenue, an increase of 349.73 million baht from the same quarter of previous year, or an increase of 65.93%, which divided into:

- Income from condominium projects amounted to 577.76 million baht or 65.64% of the total revenue from real estate sales, an increase from the same quarter last year of 238.34 million baht or 70.22% due to a new high-rise project of the Company, with the recognized revenue in this quarter.
- Income from low-rise projects amounted to 302.44 million baht or 34.36% of the total revenue from real estate sales, an increase from the same quarter last year of 111.39 million baht or an increase of 58.32%. For the second quarter of 2022, the Company had no new low-rise projects which recognized revenue in this quarter.

2. Other Income

The company had other incomes of 17.12 million baht, or 1.43% of total revenue. Other incomes consist of the revenue from management for associated companies, interest income, etc. For the second quarter of 2022, the Company had a decrease in other incomes for the six-month period of 5.96 million baht, or 25.82%, and for the three-month period of 5.00 million baht or 35.49% compared to the three-month period in the same quarter of previous year.

Cost of sales and gross profit

For the second quarter of 2022, the Company had cost of real estate sales of 843.09 million baht or 70.49% of total revenue. For the six-month period, there was a decrease of 11.04 million baht from the same quarter of previous year or 1.29%. For the three-month period, it was amounted to 635.08 million baht, or 71.42%, an increase of 240.37 million baht or 60.90% compared to the three-month period in the same quarter of previous year.

For the gross profit from the sale of real estate for the six-month period 335.75 million baht, an increase of 42.20 million baht from the previous year. For the three-month period in the second quarter of 2022, the amount was 245.08 million baht, an increase of 109.36 million baht from the same quarter of the previous year. Gross margin on sales of real estate for the six-month and three-month periods accounted for 28.48% and 27.84 percent, respectively.

Sales and administrative expenses

The company had a rate of selling and administrative expenses to total revenue (SG&A) for the second quarter of 2022 amounted to 209.47 million baht for the six-month period, an increase of 2.56 million baht or 1.20%. For the three-month period, there was an increase of 19.71 million baht or 35.81% compared to the same quarter of previous year.

Share profit (loss) from investment in joint ventures and associates

For the share of profit (loss) from investment in joint venture, it was a recognition of share of profit (loss) from the Company's investment with 50% shares in Chewathai Hup Soon Company Limited ("CTHS") and 70% shares in Chewa Heart Company Limited ("CWH"). Thus, the Company had a recognition of share of profit from investment in joint venture amounted to 4.69 million baht.

For the share of profit (loss) from investment in associates, it was a recognition of share of profit (loss) from the Company's investment in Kamala Senior Living Company Limited with a joint venture agreement of 25% shares, amounted to 0.08 million baht.

Net profit

From the operating results for the second quarter of 2022, the Company and its subsidiaries had a profit from operations for the three-month period of 100.35 million baht, an increase from the same quarter of previous year by 80.69 million baht or 410.35%, and a net profit for the six-month period of 100.43 million, an increase from the same quarter of previous year by 50.67 million baht or 101.83%.

Financial status analysis as of June 30st, 2022 in comparison with December 31st, 2021

Unit: million baht

Financial Statement	Jun 30 2022	Dec 31 2021	Discrepancy	%
Total Asset	6,423.00	6,760.27	(337.27)	(4.99)
Total Payables	4,451.22	4,855.90	(404.68)	(8.33)
Shareholder's Equity	1,971.78	1,904.37	67.41	3.54

Total Asset

As of June 30, 2022, the Company had total assets of 6,423.00 million baht, a decrease of 337.27 million baht from the previous year or 4.99% due to cash and cash equivalents decreased by 352.25 million baht following the repayment of debentures due in installments and the repayment of long-term loans from financial institutions. However, there was an increase with project development costs and other assets of approximately 15 million baht, resulting in a decrease in total assets of 337.27 million baht.

Total liabilities

As of June 30, 2022, the Company had total liabilities of 4,451.22 million baht, a decrease of 404.68 million baht from the previous year, or a decrease of 8.33% due to the repayment of long-term loans from financial institutions and the repayment of debentures due within the year.

Debt to Equity Ratio (D/E) according to the financial statements as of June 30, 2022 at the rate of 2.26 times as of December 31, 2021 at the rate of 2.55 times. according to the conditions as specified by the bank

Shareholder's Equity

The equity as of June 30, 2022 amounted to 1,971.78 million baht, an increase of 67.41 million baht from the previous year or 3.54% due to a net profit from operations in the second quarter of 2022.

Other

Auditor's Report

The Coronavirus disease 2019 pandemic continues to evolve, impacting most businesses and industries, including the Group's business activities in terms of the sale of real estate projects. The Group's management has continuously monitored the ongoing developments, revised the business strategies and cashflow management, sought additional sources of funds, assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and used estimates and judgement in respect of various issues as the situation has evolved and will record the impact when it is possible to do so.

For your information.

Best regards,

(Mr. Boon Choon Kiat)
Managing Director