



NO. CHO 51/2022

August 15, 2022

Subject: Management Discussion and Analysis Quarter 2 of 2022 Ending June 30, 2022  
To: The President  
The Stock Exchange of Thailand

Cho Thavee Public Company Limited (“The Company” or “CHO”) and its subsidiaries would like to clarify Performance of the Quarter 2 of 2022 (April to June) which details are as follows.

In 2Q/2022, CHO and its subsidiaries reported net loss of THB 135.68 million, In 1H/2022, CHO and its subsidiaries reported net loss of THB 293.03 million

**Business overview:**

In the quarter 2 of 2022 (“Q2/2022”), CHO and its subsidiaries, reported a net loss of THB 135.68 million due to an increase in total costs of THB 35.95 million or an increase of 31.98% compared to the same period of the previous year from fixed costs and provision for impairment of work in process, revenue from contract has increased by THB 6.58 million, or increased by 46.44% YoY. Revenue from sales and services of 58.28 million baht, a decreased of THB 4.37 million or 6.98% YoY, due to the uncertainty in revenue from customers in both domestic and international airlines affected by the COVID-19 virus epidemic, and the company has considered recording impairment. Fixed costs and expenses shall be recorded in accordance with accounting standards resulting in losses as mentioned above.

In the first haft of 2022 (“1H/2022”), CHO and its subsidiaries, reported a net loss of THB 293.03 million. While Revenue from contract of 157.87 million baht, an increase by THB 96.75 million or 158.30% YoY. By receiving an order for The special urgent analysis vehicle project (for COVID-19 testing) from domestic customers and ground service truck in

airport from foreign customers. However, there was a contract cost of THB 242.18 million, an increase of THB 144.35 million or 147.55% YoY. In addition, the financial cost was 136.63 million baht, an increase of 76.03 million baht or 125.46% YoY as an interest item on debentures and convertible options calculated on models using observable market data, including taking into account the rate of price volatility and the rate of return used to be adjusted by other risk factors to assess the fair value, the company can generate revenue from maintenance service decrease of THB 12.27 million, or 9.43% of total revenue, resulting in the loss in 1H/2022.

**Revenue:**

In Q2/2022, CHO and its subsidiaries reported total revenue of THB 79.74 million, a decreased of 1.69% YoY. Although contract revenues increased by 46.44 percent by receiving an order for The special urgent analysis vehicle project (for COVID-19 testing) from domestic customers and ground service truck in airport from foreign customers the receipt of orders for a special express analysis vehicle (for COVID-19 testing) from domestic customers, this product group are still affected by the COVID-19 situation continuously. (Delaying orders)

In 1H/2022, CHO and its subsidiaries reported total revenue of THB 293.84 million, an Increased by 94.78% YOY, revenue from contract increased by THB 96.75 million because receiving an order for The special urgent analysis vehicle project (for COVID-19 testing) from domestic customers and ground service truck in airport from foreign customers. However, this product group are still affected by the COVID-19 situation continuously (Delaying orders). In 1H/2022, CHO and its subsidiaries reported revenues from sales and service of THB 117.88

million, a decreased of 12.27%, due to the measure to stop public bus operation to reduce the risk of spreading viral transmission. Other revenues were THB 18.09 million from interest receivable, revenue from related company's management, and sales of scrap left from the production and receive compensation from the flood in 2021.

**Cost and Expense:****Cost:**

In Q2/2022,

- CHO and its subsidiaries reported cost of THB 148.36 million, an increase of 31.98% YoY, due to fixed expenses and provisioning according to accounting standards.
- Distribution expenses of THB 4.79 million, a decrease of 2.57%, with the company set a return based on sales.
- Administrative expenses of 25.33 million baht, a decrease of 14.25% YoY. There are Reversal for doubtful debts affected by the COVID-19 outbreak and reserves obsolete products. (Re-evaluated according to accounting standards in some items)

**In 1H/2022**

- Total cost was THB 389.51 million, Increased by 71.86% YOY according to revenue proportion
- Selling expenses were THB 8.93 million, Increased by 1.13% due to setting up of sales compensation based on sales volume
- Administrative expenses were THB 48.95 million, decreased by 15.12%, due to the company's cost saving policy

**Gross Profit:**

In the Q2/2022 and 1H/2022, CHO and its subsidiaries reported gross loss of THB 69.33 million, and THB 113.76 million with Gross Profit Ratio

of 86.95% and 38.71%

**Financing Cost :**

In the Q2/2022 and 1H/2022, CHO and its subsidiaries reported financing cost of THB 35.99 million and THB 136.63 million, Increased by 13.39% and 125.46% YoY due to an interest item on debentures and convertible options calculated on models using observable market data, including taking into account the rate of price volatility and the rate of return used to be adjusted by other risk factors to assess the fair value.

**Financial Position :**

As of June 30, 2022, CHO and its subsidiaries had a strong financial stability with total assets of THB 3,133.75 million, decreased by 2.73% YoY because receivables that have been paid, total liabilities THB 2,106.34 million, a decrease by 10.01%. D/E ratio was 2.05 times, decreased from the previous year at a rate of 0.61 times, Interest Bearing Debt D/E Ratio was 1.68 times, Decreased from the previous year at a rate of 0.57 times, due to The shareholders' equity decreased from operating at a loss.

Please be informed accordingly.

Yours Sincerely,

Cho Thavee Public Company Limited

(Mr. Suradech Taweesaengsakulthai)

President and Chief Executive Officer