



Chayo Group Public Company Limited

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No.CGC 054/2022

10 November 2022

Subject: Management Discussion and Analysis for the third quarter of 2022 ended 30 September 2022

To: The President
The Stock Exchange of Thailand

Chayo Group Public Company Limited would like to report the Operation results for the Third quarter of 2022 ended 30 September 2022 of the company and its subsidiaries ("the Company") as follows:

Operating results

	Consolidated (3 months)				Consolidated (9 months)			
	July - Sep 2021	%	July - Sep 2022	%	Jan - Sep 2021	%	Jan - Sep 2022	%
Interest Income from loan to non-performing assets	161,825,842	93.0%	224,471,062	88.4%	468,185,719	92.4%	625,281,522	89.2%
Service income from debt collection services	9,139,115	5.3%	9,011,857	3.5%	31,334,275	6.2%	25,234,558	3.6%
Interest Income from lending business	2,991,624	1.7%	20,374,132	8.0%	7,051,539	1.4%	50,190,801	7.2%
Revenue from Sales	-	0.0%	-	0.0%	134,310	0.0%	7,244	0.0%
Total income	173,956,581	100.0%	253,857,051	100.0%	506,705,843	100.0%	700,714,125	100.0%
Costs of render services and managing non-performing assets	(38,805,303)	-22.3%	(68,487,576)	-27.0%	(109,511,053)	-21.6%	(175,344,839)	-25.0%
Costs of goods sold	(1,934)	0.0%	-	0.0%	(139,317)	0.0%	(6,408)	0.0%
Gross profit	135,149,344	77.7%	185,369,475	73.0%	397,055,473	78.4%	525,362,878	75.0%
Other incomes	1,812,566	1.0%	1,044,005	0.4%	6,081,327	1.2%	4,356,036	0.6%
Gain on disposal of foreclosed assets	53,700,314	30.9%	4,863,444	1.9%	62,606,989	12.4%	21,633,711	3.1%
Administrative expenses	(18,366,525)	-10.6%	(19,384,809)	-7.6%	(51,883,539)	-10.2%	(63,524,599)	-9.1%
Expected credit loss	(57,960,589)	-33.3%	(66,815,625)	-26.3%	(132,841,596)	-26.2%	(147,104,374)	-21.0%
Finance costs	(24,619,379)	-14.2%	(50,305,851)	-19.8%	(75,504,197)	-14.9%	(111,721,952)	-15.9%
Profit before income tax	89,715,731	51.6%	54,770,639	21.6%	205,514,457	40.6%	229,001,700	32.7%
Income tax (expenses)	(18,508,280)	-10.6%	(12,031,100)	-4.7%	(34,239,440)	-6.8%	(48,753,050)	-7.0%
Net profit for the period	71,207,451	40.9%	42,739,539	16.8%	171,275,017	33.8%	180,248,650	25.7%
Other comprehensive income for the period, net of tax	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total comprehensive income for the period	71,207,451	40.9%	42,739,539	16.8%	171,275,017	33.8%	180,248,650	25.7%
Total comprehensive income attributable to:								
Owners of the parent	70,883,079	40.7%	35,934,183	14.2%	170,415,475	33.6%	164,982,849	23.5%
Non-controlling interest	324,372	0.2%	6,805,356	2.7%	859,542	0.2%	15,265,801	2.2%
Total comprehensive income for the period	71,207,451	40.9%	42,739,539	16.8%	171,275,017	33.8%	180,248,650	25.7%
Earnings per share	0.0697	n/a	0.0337	n/a	0.1561	n/a	0.1870	n/a

■ Total Income

In the third quarter of 2022, the Company had a total income of Baht 253.86 million which increase from last year around Baht 79.90 million (or increased around 45.93%). The reasons for the increment mainly arose from the increment of interest income from loan to non-performing assets and interest income from lending business around Baht 62.65 million and Baht 17.38 million respectively. For the nine month period of the year



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2022, the total income of the Company increased from the same period last year around Baht 194.01 million (or increased around 38.29%). The reasons for the increment mainly arise from the increment of the interest income from loans to non-performance assets around Baht 157.10 million (please see the details below) and interest income from lending business around Baht 43.14 million.

■ Income from Loans to Non-performing Assets

For the nine month period of 2022, the Company had cash collection from unsecured loan and income from selling collateral of secured loan around Baht 234.36 million which slightly increased from the same period last year around Baht 229.47 million (or increase around 2.13%) as the result of the fact that the Company has more cash collection from unsecured loan as from purchased more unsecured port to manage around end of the year 2021. As a result for the nine month period of the year 2022, the Company has more income compare with the same period last year. The following are the details;

	For the 9 months period ended 30 September 2022		For the 9 months period ended 30 September 2021	
	Million Baht	%	Million Baht	%
Interest income – EIR (Effective interest rate)	438.24	70.09%	277.27	59.22%
Interest income over EIR	187.03	29.91%	190.92	40.78%
Total interest income	625.28	100%	468.19	100%
Cash Collection and income from selling collateral	234.36	100.00%	229.47	100.00%
- Unsecured loan	210.14	89.66%	181.59	79.13%
- Secured loan	24.22	10.34%	47.88	20.87%
Cash received from selling foreclosed asset	99.69	-	153.48	-

Remark: Since 1 January 2020, the Company has recorded interest income using financial reporting standard No.9 (IFRS9). The concept was that the Company recorded interest income by using an effective interest rate calculated by the interest rate of return of expected future cash flow. In addition, in case that cash collections were more than net book value (NBV), the surplus amount was recorded in interest income over EIR.

■ Services Income from Debt Collection Service

In the third quarter of 2022, the Company had services income around Baht 9.01 million which decreased from the third quarter of 2021 around Baht 0.13 million (or decreased around 1.39%). For the nine month period of the year 2022, the Company had services income of Baht 25.23 million which decreased from the same period last year around Baht 6.10 million (or decreased around 19.47%) The reasons for the decrement



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for both periods because not only there were suspend debt payment issued by the owner – telecommunication sector but also the owner – banking sector has assignment less than last period as the result of the limit of budgeting for Government financial institution and suspend debt payment as well. Currently, it is under process for re-new budgeting.

■ Interest Income from Lending Business

In the third quarter of 2022, the Company recorded interest income from lending business around Baht 20.37 million which increased compared the same quarter last year. For the nine month period of the year 2022, the Company had interest income from lending business of Baht 50.19 million which increased from the same period last year around Baht 43.14 million (or decreased around 611.91%). This is because in this year the Company lending the money to the customers more than last year. The Outstanding loan as at 30 September 2022 and 2021 was at Baht 593.39 million and at Baht 123.14 million respectively.

■ Sales income

In the year 2022, the Company has been slow down to operate this business so that the income presented only Baht 7,244 this period.

Cost of Goods Sold and Rendering Services

The main costs of rendering services are salary, commissions, and legal costs. For the third quarter of 2022, the Company had the cost of rendering services 27.00% of income which increased from the last period presented 22.30% of income. For the nine month period of 2022, the Company had the cost of rendering services 25.0% of income which increased from last period presented 21.60% of income due to increasing in legal costs for both period.

Gross Profit

In the third quarter of 2022, the Company had gross profit of Baht 185.37 million (equivalent to 73.0% of total incomes) which increased from last period amounted to Baht 50.22 million. For the nine month period of 2022, the Company had gross profit of Baht 525.36 million (equivalents to 75.0% of total incomes) which increased from last period amounted to Baht 128.31 million. The reason why there are the increases for 3 months period and 9 months period was that the Company has increased in Interest Income from loan to non-performing assets and Interest Income from lending business.

Other Income

Other income mainly represents interest income and rental income. For the third quarter of 2022, the Company had other income around Baht 1.04 million which quite same as the last period. For the nine month period of 2022, the Company had other income around Baht 4.36 million which decreased from the last



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period around Baht 1.73 million. The reasons for the reduction other income as from the gain of asset disposal recognized last period.

Gains on disposal of foreclosed assets

In the third quarter of 2022, the Company had gain on disposal of foreclosed assets around to Baht 4.86 million which decreased from the last period around Baht 48.84 million. This is because the Company can sell the NPA less than the last period. (NPA has occurred from buying assets (or collateral of NPL) from the Legal Execution Department through Auction Process back as NPAs).

Administrative Expenses

Administrative expenses mainly represent salary, welfare, bonus for the employee and management, audit fee, and business consultation fee. In the third quarter of 2022, the Company had administrative expenses around Baht 19.38 million which increased compared with the last period amounted to Baht 1.02 million as the result of salary and other benefits of employee and specified business tax(SBT) from income of lending business. For the nine month period of 2022, the Company had administrative expenses around Baht 63.52 million which increased from the same period last year around Baht 11.64 million. The main reason for the increment was the advisory fee, salary and other benefits of employee, and specific business tax income of lending business.

Expected Credit Loss

This expense occurred from the difference between the present values of future cash flows (PV) and the net book value of each loan. In case that PV was less than NBV, this amount would be recorded as expected credit loss according to financial reporting standard No.9 (TFRS9). The expected credit loss for the third quarter of 2022 was around Baht 66.82 million which increased from the same period last year around Baht 8.86 million mainly due to collection budget revision to reflect the actual performance so that expected credit loss was less than last period. In addition, for the nine month period of 2022, the Company has expected credit loss around Baht 147.10 million which increased from the same period last year amounted to Baht 14.26 million. This is because the increasing of unsecured port around the year 2021 reflected to increasing expected credit loss as normal business.

Finance Cost

Finance cost for the third quarter of 2022 and the nine month period of 2022 increased around Baht 25.69 million and Baht 36.22 million respectively (compare with the same period last year). The reason for the increment mainly arose from the increment of loans that the Company borrows for investing in non-performing assets.



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Income Tax Expenses

The income tax expense in the third quarter of 2022 decreased from the last period amounted to Baht 6.48 million in line with decreasing profit before tax whereas, for the nine month period of 2022, income tax expenses increased from last period Baht 14.51 million in line with increasing the profit before tax as well.

Net Profit

The net profit for the third quarter of 2022 was at Baht 42.74 million which decreased from the same period last year around Baht 28.47 million or equivalent to 39.97% when compared with last period. The main reasons for the decrease arose from the reduction of gain on foreclosed asset and more financial costs this quarter. In addition, for the nine month period of 2022, the Company had net profit of Baht 180.25 million which increased from the same period last year around Baht 8.97 million or equivalent to 5.24% when compared with last period. The reasons for the increment in net profit mainly around from the increment of income from loans to non-performing assets and interest income from lending business.

Financial position

Total Assets

As at 30 September 2022, the Company had total assets of Baht 7,042.96 million which increased from the last year around Baht 1,953.08 million or increased around 38.37%. The reasons for the increment mainly arose from;

- The increment of cash and cash equivalent around Baht 878.03 million mainly from issuing debenture Baht 1,800 million in the second quarter of 2022 and,
- The increment of loan receivable around Baht 247.36 million and,
- The increment of loan for non-performing asset around Baht 643.38 million and,
- The increment of deposit for purchasing loans to non-performing asset around Baht 157.89 million

Total Liabilities

Total liabilities as at 30 September 2022 was Baht 3,273.95 million which increased from the last year around Baht 1,642.07 million. The reasons for the increase mainly arose from;

- The increment of loan from bank (short-term and long-term) around Baht 47.43 million and,
- The increment of debenture (short-term and long-term) around Baht 1,520.22 million and,
- The increment of deferred tax liabilities around Baht 41.90 million and,
- The reduction of account payable around Baht 26.36 million.



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Total Shareholders' Equities

Total shareholders' equity as of 30 September 2022 was at Baht 3,769.01 million which increased from the last year around Baht 311.02 million. The reasons for the increment mainly arose from

- The increment of unappropriated retained earnings amounted to Baht 146.10 million as from net profit Baht 180.25 whereas, there was reduction by dividend payment during the year.
- The increment of Non-Controlling interest around Baht 26.32 million.
- The increment of share capital ,share premium and share to be issued around Baht 138.60 million

Debt to Equity ratio (Interest bearing)

- The Debt to Equity ratio (Interest bearing) of the Company as at 30 September 2022 was at 0.81.

Sincerely Yours,

A handwritten signature in blue ink, appearing to be "Nottapol Thipchatchawanwong".

(Mr.Nottapol Thipchatchawanwong)

Chief Financial Officer