

No. CHEWA 22-11/02

November 11, 2022

Subject: Explanation and analysis of the management for the three-month and nine-month period ending 30 September 2022.

Attention: Directors and Managers Stock Exchange of Thailand

Performance result overview

The trend of Thailand's real estate market during the 3rd quarter of 2022 and the overall economy still faces many challenges although countries around the world have already adapted themselves to the COVID-19 pandemic. The unrecovered world economy, increased construction material prices, inflation, the depreciation of the baht, and interest rates still force people to tighten up their spending. The government and private sectors jointly implement measures to stimulate consumption such as ownership transfer/mortgage fee discounts for new and secondhand houses, and leniency on the Loan-to-Value (LTV) credit assessment of the Bank of Thailand for the cycle ending in 2022. Moreover, stable accommodation prices influence the buying decision process. The interest rate and the land cost will increase next year. However, the company has gained understanding of the consumer's perspective in many aspects that can be used to plan short-term and long-term strategies according to the current situation including marketing plans, prices, and promotions to stimulate sales revenue as well as increase online marketing channels on all social media platforms to meet the demand of the modern lifestyle.

Furthermore, the company recognizes the importance of sustainability policies such as cost-effective management including the Environmental, Social, and Governance policies that can be implemented in the company's environmental management. The company has launched the CHEWA Goes Green campaign to create awareness and conscience on energy/resource saving, environmental protection, garbage sorting, and adding value to garbage by upcycling for the company to make use of and save costs. In terms of the social dimension, employee welfare, and employee relations, the company provides communication channels between its employees and executives for them to share opinions, suggestions, and ideas that help improve the company as part of the “บุญ รือ ฟิ่ง” campaign. It also serves as a whistle-blower channel that helps reduce corruption, improve the potential of the employees, improve product quality, encourage the growth of the company, ensure maximum efficiency, and enable a sustainable business operation.

Chewathai Public Company Limited (Chewa) would like to clarify the operating result for the Quarter ended 30 September 2022 of the Company and its subsidiaries as follows.

For the three-month period Chewathai Public Company Limited and its subsidiaries had total revenue amounted to 495.78 million baht, an increase of 15.21% or 65.47 million baht from 430.31 million baht from the same period last year, this was mostly due to the transfer for 7 high-rise projects, amounted to 302.96 million baht, or 61.11% of total revenue, and 6 low-rise projects, amounted to 159.28 million baht, or 32.13% of total revenue addition, the second-hand home project amounted to 13.65 million baht or 2.75% of the projected revenue and other income of 19.89 million baht, or 2.75% of total revenue.

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 third quarter of 2022, revenue from real estate sales totaled 1,654.73 million baht, or 59.10% of the target revenue. which is divided into high-rise projects amounted to 1,072.67 million baht, or 38.31 percent, and revenue of low-rise projects amounted to 562.81 million baht, or 20.10% of projection revenue and the second-hand home project amounted to 19.24 million baht or 0.69% of the projected revenue. In the third quarter 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 nine-month periods as of 30 September 2022 and 2021.

(Unit: Million Baht)

Statement of comprehensive income	For three-months period				For nine-months period			
	Q3'2022	Q3'2021	Change	%	Q3'2022	Q3'2021	Change	%
Revenue								
Revenue from sale of real estate	475.89	416.64	59.25	14.22	1,654.73	1,564.32	90.41	5.78
Other income	19.89	13.67	6.22	45.50	37.02	36.73	0.29	0.78
Total Revenue	495.78	430.31	65.47	15.21	1,691.75	1,601.05	90.70	5.66
Expenses								
Cost of real estate sold	356.30	305.17	51.13	16.75	1,199.39	1,159.30	40.09	3.46
Selling expenses	65.19	46.06	19.13	41.53	187.49	155.31	32.18	20.72
Administrative expenses	50.66	46.56	4.10	8.81	137.83	144.21	(6.38)	(4.42)
Total Expenses	472.15	397.79	74.36	18.69	1,524.71	1,458.82	65.89	4.52
Profit before share of profit (loss) from investments in joint venture and associate, finance costs and income tax	23.63	32.52	(8.89)	(27.34)	167.04	142.23	24.81	17.44
Share of profit (loss) from investment in joint venture	(1.78)	(1.92)	0.14	7.29	1.50	(6.01)	7.51	124.96
Share of loss from investments in associates	(0.06)	(0.98)	0.92	93.88	(1.11)	(3.04)	1.93	63.49
Profit before finance income, finance costs and income tax	21.79	29.62	(7.83)	(26.44)	167.43	133.18	34.25	25.71
Finance costs	(11.06)	(23.00)	11.94	(51.91)	(32.76)	(62.83)	30.07	(47.86)
Profit (loss) before income tax	10.73	6.62	4.11	62.09	134.67	70.35	64.32	91.42
Income tax expenses	(2.75)	(1.92)	(0.83)	43.23	(30.36)	(15.89)	(14.47)	91.06
Profit (loss) from operation	7.98	4.70	3.28	69.80	104.31	54.46	49.85	91.53
Comprehensive income for the period	-	-	-		4.09	-	4.09	100.00
Profit (loss) for the period	7.98	4.70	3.28	69.80	108.40	54.46	53.94	99.04

Gross Profit Margin from sales of real estate (%)	25.13%	26.75%	27.52%	25.89%
Net profit (%)	1.61%	1.09%	6.41%	3.40%

Operating Income

1. Real estate sales revenue

(Unit: Million Baht)

Revenue from sale of real estate	For three-months period				For nine-months period			
	Q3'2022	Q3'2021	Change	%	Q3'2022	Q3'2021	Change	%
Condominiums	302.96	263.37	39.59	15.03	1,072.67	1,084.19	(11.51)	(1.06)
Townhomes/Home offices	114.48	83.28	31.20	37.46	280.11	295.87	(15.76)	(5.33)
Single-detached houses	44.80	78.73	(33.93)	(43.10)	282.70	210.76	71.95	34.14
Rentue	13.65	-	13.65	100.00	19.24	-	19.24	100.00
รวม	475.89	425.38	50.51	11.87	1,654.73	1,590.81	63.91	4.02%

For the third quarter of 2022, the Company had income from real estate sales of 475.89 million baht or 96.89% of total revenue, an increase of 50.51 million baht from the same quarter of previous year, or an increase of 11.87%, which divided into:

- Income from condominium projects amounted to 302.96 million baht or 63.66% of the total revenue from real estate sales, an increase from the same quarter last year of 39.59 million baht or 15.03% due to a new high-rise project of the Company, with the recognized revenue in this quarter.
- Income from low-rise projects divided into townhome/commercial building projects amounting to 114.48 million baht, single-detached house projects 44.80 million baht, totaling 159.28 million baht or 33.47% of revenue from real estate sales. which townhome/commercial building increased from the same quarter of the previous year by 31.20 million baht, or an increase of 37.46%, but for the detached house project, a decrease of 33.93 million baht or 43.10% due to the company has no new low-rise projects launched. that recognized revenue from transfer of ownership in this quarter. Addition, many low-rise projects have gradually transferred and closed some projects for sale. At present, they are gradually being built in order to correspond with the number of reservations and transfer of ownership according to the target backlog.
- Income from Renue projects amounted to 13.65 million baht or 2.87% of the total revenue from real estate sales. All in this quarter 3/2565, the company sees the opportunity to expand new business models Focus on hitting the second-hand home market, and the company received a good response. There are customers who are interested and can transfer the ownership within the period.

2. Other Income

The company had other incomes of 19.89 million baht, or 3.11% of total revenue. Other incomes consist of the revenue from management for associated companies, interest income, etc. For the third quarter of 2022, the Company had a decrease in other incomes for the nine-month period of 0.29 million baht, or 0.78%, and increase for the three-month period of 6.22 million baht or 45.50% compared to the three-month period in the same quarter of previous year.

Cost of sales and gross profit

For the third quarter of 2022, the Company had cost of real estate sales of 1,199.39 million baht or 70.90% of total revenue. For the nine-month period, there was an increase of 40.09 million baht from the same quarter of previous year or 3.46%. For the three-month period, it was amounted to 356.30 million baht, or 71.84%, an increase of 51.13 million baht or 16.75% 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 nine-month period 455.34 million baht, an increase of 50.32 million baht from the previous year. For the three-month period in the third quarter of 2022, the amount was 119.59 million baht, an increase of 8.12 million baht from the same quarter of the previous year. Gross margin on sales of real estate for the three-month and nine-month periods accounted for 25.13% and 27.52%, respectively.

Sales and administrative expenses

The company had a rate of selling and administrative expenses to total revenue (SG&A) for the third quarter of 2022 amounted to 325.32 million baht for the nine-month period, an increase of 25.80 million baht or 8.61%. For the three-month period, there was an increase of 23.23 million baht or 25.08% 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 1.50 million baht.

For the share of profit (loss) from investment in associates, it was a recognition of share of loss from the Company's investment in Kamala Senior Living Company Limited with a joint venture agreement of 25% shares, amounted to 1.11 million baht.

Net profit

From the operating results for the third quarter of 2022, the Company and its subsidiaries had a profit from operations for the three-month period of 7.98 million baht, an increase from the same quarter of previous year by 3.28 million baht or 69.80%, and a net profit for the nine-month period of 108.40 million, an increase from the same quarter of previous year by 53.94 million baht or 99.04%.

Financial status analysis as of 30 September 2022 in comparison with 31 December 2021

(Unit: million baht)

Financial Statement	30 Sep 2022	31 Dec 2021	Discrepancy	%
Total Asset	6,374.98	6,760.27	(385.29)	(5.70)
Total Payables	4,395.23	4,855.90	(460.67)	(9.49)
Shareholder's Equity	1,979.75	1,904.37	75.38	3.96

Total Asset

As of September 30, 2022, the Company had total assets of 6,347.98 million baht, a decrease of 385.29 million baht from the previous year or 5.70% due to cash and cash equivalents decreased by 438.44 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 loan to related parties approximately 53.15 million baht, resulting in a decrease in total assets of 385.29 million baht.

Total liabilities

As of September 30, 2022, the Company had total liabilities of 4,395.23 million baht, a decrease of 460.67 million baht from the previous year, or a decrease of 9.49% 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 September 30, 2022 at the rate of 2.22 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 September 30, 2022 amounted to 1,979.75 million baht, an increase of 75.38 million baht from the previous year or 3.96% due to a net profit from operations in the third quarter of 2022.

Other**Auditor's Report**

Based on Audit review, nothing has come to their attention that causes them to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

For your information.

Best regards,

(Mr. Boon Choon Kiat)
Managing Director