

**CGD 65/0061**

November 11, 2022

**Subject:** Report on the operating results of Country Group Development PCL for the nine-month period ended September 30, 2022

**To:** The President  
The Stock Exchange of Thailand

Country Group Development Public Company Limited (the "Company") would like to report the operating results of the Company and its subsidiaries (the "Group") for the nine-month period ended September 30, 2022 as follows:

#### **BUSINESS OVERVIEW**

As per the Group's short term policy to divest the hotels to accelerate debt repayment, the hotel divestment was 100% complete in July 2022. As expected, the corresponding debt reduction runs in line with the shareholder mandate. The cash flow from divestment went towards debt repayment resulting in the current interest bearing debt ratio continuing to drop during the quarter down to 2.2 time compared to 2.8 time as at December 31, 2021.

For Q3 2022, the Group reported a net profit of Baht 119.2 million; resulting in, a contribution of net profit of Baht 525.5 million for Q3 2022 period end. After the Thailand Reopening and government measures lift up the Group significantly, at Q3 2022 end, the Group had achieved significantly in new sales and transfers of Four Season Private Residences Project (FSPR). Likewise, the total transfers and revenue recognition for the nine-month period ended 30 September 2022 was Baht 5.2 Billion; with the nine-month revenue performance already outstripping revenues for the entire of 2021 of THB 3.2 billion. The year to date gross profit margin for FSPR was still at the consistent level of 47%.

#### **ASSETS FOR SALES BUSINESS**

For the nine-month and three-month periods ending September 30, 2022, the Group reported revenues from condominium sales of Baht 5.2 billion and 1.4 billion respectively, with the nine-month revenue performance already outstripping revenues for the entire of 2021 of THB 3.2 billion. The year to date gross profit margin for FSPR was still at the consistent level of 47%.

In Q3 2022 the Group also posted strong performance in sales due largely to the relaxing of COVID restrictions and government measures as foreigner travelers formed a significant portion of new sales

and transfers if backlog from our foreign clientele. The performance of hotels and its popularity as a destination, as well as its “ready to move in” status were key factors that resulted in the uptick.

FSPR is presently classified as a “ready to transfer” asset with remaining value around Baht 8.5 billion, of which Baht 3.0 billion is in the form of strong quality backlog (as most of the clients have prepaid deposits of up to 30% of the contact value).

## DEBT MANAGEMENT

The Group continues to follow its short term objective of significant reduction of debt and finance costs to an appropriate level that will help company to emerge with a bolstered financial position, and lay down a good foundation for future business expansion.

Currently, the Interest Bearing Debt to Equity ratio of the Group is 2.2 times, down from 2.8 times at the end of year 2021, and is forecasted to reduce down to a target of 1.8 times once all divestment is complete. Total debt to total equity ratio also reduced from 4.3 times at the end of 2021 to 3.1 times at September 30, 2022.

TABLE PRESENT FINANCIAL RATIO	September 30, 2022	December 31, 2021	Change
Interest Bearing Debt / Equity Ratio (Times)	2.2	2.8	(0.6)
Total Debt / Total Equity Ratio (Times)	3.1	4.3	(1.2)

## COMPANY OUTLOOK

The continued relaxation of COVID restrictions and government measures will have a significant positive impact on new sales and transfers given the percentage of sales and transfers which are foreign for the Group. In addition, in May 2022, the Group also signed a long-term lease agreement of 32 years with a strategic tenant, Oxford International School Limited under the Nord Anglia Education Limited Group for the purposes of operating this school as a leading 6<sup>th</sup> Form College. This will result in an increase in value of this investment property and rental income of the Group.

Cash proceeds from new sales of FSPR, transfer proceeds as well as cash proceeds from hotel divestment will generate a significant cash inflow and will further reduce the current debt as well as drive down financial costs. This source of excess of cash flow will serve as equity as the company looks forward to developing the upcoming mixed use education/residential flagship project in Rama III.

## SUMMARY OF FINANCIAL PERFORMANCE

The Group reported operating result for the three-month period ended September 30, 2022 as follows:

Unit : Million Baht

TABLE PRESENT SUMMARY OF FINANCIAL PERFORMANCE FOR THE THREE-MONTH PERIOD ENDED	September 30,	September 30,	Percentage change
	2022	2021	
<b>REVENUES</b>			
Revenue	1,426.0	629.7	126.5%
<b>Total Revenues</b>	<b>1,426.0</b>	<b>629.7</b>	<b>126.5%</b>
<b>EXPENSES</b>			
COGS	801.7	353.4	126.9%
SG&A	241.0	135.2	78.3%
Loss on foreign exchange rate	0.0	720.1	(100.0%)
<b>Total Expenses</b>	<b>1,042.7</b>	<b>1,208.7</b>	<b>(13.7%)</b>
<b>PROFIT FROM OPERATING ACTIVITIES</b>	<b>383.3</b>	<b>(579.0)</b>	<b>166.2%</b>
Financial income	27.8	0.0	100.0%
Financial cost	(168.3)	(291.4)	(42.2%)
Income tax expense	129.1	139.9	(7.7%)
<b>NET PROFIT (LOSS) FOR THE PERIOD FROM CONTINUED OPERATION</b>	<b>113.7</b>	<b>(1,010.3)</b>	<b>(111.3%)</b>
Loss from discontinued operation	5.5	(243.5)	102.3%
<b>NET PORFIT (LOSS) FOR THE PERIOD</b>	<b>119.2</b>	<b>(1,253.8)</b>	<b>109.5%</b>

### Revenue

- Group's total revenue was Baht 1,426.0 million which is an increase of 126.5% from the same period 2021. Ordinary revenue from sales of FSPR was the key contributor of total revenues with details as follows;

Unit : Million Baht

TABLE PRESENT FINANCIAL PERFORMANCE OF FSPR FOR THE THREE-MONTH PERIOD ENDED	September 30,	September 30,	Percentage change
	2022	2021	
Revenue	1,355.7	626.5	116.4%
Cost of Sales	800.8	352.7	127.0%
GP%	40.9%	43.7%	

### **Operating Profit**

- The Group reported total operating profit of Baht 383.3 million, an increase of 166.2% over the same period last year, due to increase in revenues as mention above. Total cost, selling and administrative expense decreased by Baht 166.0 million which is a decrease of 13.7% in respect to decrease in loss on foreign exchange rate.

### **Financial Expense**

- The Group reported finance costs of Baht 168.3 million, a decrease of 42.2% from the same period last year. The reduction in finance cost resulted from significant decline in total debt from operational performance and hotel divestment.

### **Operating performance of discontinued operation**

- Profit from discontinued operation amount of Baht 5.5 million, resulting from gain on revenue recognition of hotels which the Company had received cash advance from customer before selling investments in URH and WFH while in Q3 2021 the Group consolidated operation loss from hotel operations (that were impacted by government lock down and COVID pandemic), in the group profit and loss statement.

### **Net Operating performance**

- The Group reported a net profit amount of Baht 119.2 million compared with a net loss of Baht 1,253.8 million of the same period last year. This mainly resulted from: 1) increased in revenue from sale of condominium 2) reduction in loss on foreign exchange 3) decrease in loss from discontinued operation.

The Group reported operating result for the nine-month period ended September 30, 2022 as follows:

Unit : Million Baht

TABLE PRESENT SUMMARY OF FINANCIAL PERFORMANCE FOR THE NINE-MONTH PERIOD ENDED	September 30,	September 30,	Percentage change
	2022	2021	
<b>REVENUES</b>			
Revenue	5,332.2	2,654.5	100.9%
<b>Total Revenues</b>	<b>5,332.2</b>	<b>2,654.5</b>	<b>100.9%</b>
<b>EXPENSES</b>			
COGS	3,023.2	1,214.1	149.0%
SG&A	866.0	450.3	92.3%
Loss on foreign exchange rate	3.1	1,466.9	(99.8%)
<b>Total Expenses</b>	<b>3,892.3</b>	<b>3,131.3</b>	<b>24.3%</b>
<b>PROFIT FROM OPERATING ACTIVITIES</b>	<b>1,439.9</b>	<b>(476.8)</b>	<b>402.0%</b>
Financial income	28.4	0.1	28,300.0%
Financial cost	(545.2)	(853.7)	(36.1%)
Income tax expense	389.7	280.8	38.8%
<b>NET PROFIT (LOSS) FOR THE PERIOD FROM CONTINUED OPERATION</b>	<b>533.4</b>	<b>(1,611.2)</b>	<b>133.1%</b>
Loss from discontinued operation	(7.9)	(504.8)	98.4%
<b>NET PORFIT (LOSS) FOR THE PERIOD</b>	<b>525.5</b>	<b>(2,116.0)</b>	<b>124.8%</b>

## Revenue

- Group's total revenue was Baht 5,332.2 million which is an increase of 100.99% from the same period 2021. Ordinary revenue from sales of FSPR was the key contributor of total revenues with details as follows;

Unit : Million Baht

TABLE PRESENT FINANCIAL PERFORMANCE OF FSPR FOR THE NINE-MONTH PERIOD ENDED	September 30,	September 30,	Percentage change
	2022	2021	
Revenue	5,152.0	2,352.9	119.0%
Cost of Sales	3,020.3	1,210.5	149.5%
GP%	41.4%	48.6%	

### **Operating Profit**

- The Group reported total operating profit of Baht 1,439.9 million, an increase of 402.0% over the same period last year, due to increase in revenues as mention above. Total cost, selling and administrative expense decreased by Baht 761.0 million which is an decrease of 24.3% in respect to loss on foreign exchange rate.

### **Financial Expense**

- The Group reported finance costs of Baht 545.2 million, a decrease of 36.1% from the same period last year. The reduction in finance cost resulted from significant decline in total debt from operational performance and hotel divestment.

### **Operating performance of discontinued operation**

- Loss from discontinued operation amount of Baht 7.9 million, resulting from gain on revenue recognition of hotels operation which the Company had received cash advance from customer before selling investments in URH and WFH and the recognition of losses on sale of investment while in Q3 2021 the Group consolidated operation loss from hotel operations (that were impacted by government lock down and COVID pandemic), in the group profit and loss statement.

### **Net Operating performance**

- The Group reported a net profit amount of Baht 525.5 million compared with a net loss of Baht 2,116.0 million of the same period last year. This mainly resulted from: 1) increased in revenue from sale of condominium 2) reduced loss on foreign exchange rate 3) decrease in loss from discontinued operation.