

# ASSETwise

(- Unofficial Translation -)

February 23, 2023

Subject: Management Discussion and Analysis for the year 2022

Attention: President, The Stock Exchange of Thailand

AssetWise Public Group Limited (the “Group”) would like to provide Management Discussion and Analysis for the year 2022 as follows:

## Overview of operating results

Financial performance for the year ended 31 December 2022, the Group recorded sales and service revenue of THB 5,483.35 million which main source of revenue came from sales of real estate. The Group had gross profit of THB 2,403.98 million, or equivalent to 40.20%. While distribution costs and administrative expenses were THB 666.28 million and THB 578.58 million, respectively. The Group recorded net profit of THB 1,118.52 million, or equivalent to 18.70%.

## Sales and service revenue

In 2022, the Group recorded sales and service revenue of THB 5,483.35 million which increased by THB 554.92 million or increased 11.26 % from THB 4,928.43 million in 2021. The real estate development for sales business contributed majority of revenue which were recognized when the Group had completely transferred the ownership to their customers. Regarding revenue from rent and services from the real estate for rent business, which operated under Treasure M and the real estate brokerage service business under Asset A Plus, the revenue these businesses also increased. In addition, the Group recorded sales and service revenue from revenue from project management of joint venture for THB 213.44 million in 2022.

## Sales of real estate

In 2022, the Group recorded sales of real estate at THB 5,221.44 million which increased by THB 370.75 million or increased 7.64% from THB 4,850.69 million in 2021. The Group recorded sales of real estate 2,167 units from their 27 projects; 22 condominium projects and 5 landed housing projects.

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Revenue from sales of real estate and number of transferred units of condominium project and landed housing projects for the year 2022 are as follows:

Project Type	Transfer Value (Million Baht)	Number of units
Condominium Projects	4,638.73	2,126
Landed Housing Projects	582.71	41
<b>Total</b>	<b>5,221.44</b>	<b>2,167</b>

In 2022, the main project transferred units comprise of condominium projects such as Kave AVA which construction completed in 2022 and Kave Town Shift project and Modiz Sukhumvit 50 project which construction completed in previous years. Most customers decided to transfer during the period because the Group developed products to meet target customers' need and adjusted the marketing strategy to fit with customer behavior in the current situation such as launching new promotion campaigns and offering promotions to customers to support presale value and unit transfer value. Consequently, the unit transfer value was higher comparing to the year 2021.

## Cost of real estate units sold

In 2022, the Group recorded their cost of real estate units sold at THB 2,989.83 million which increased by THB 308.50 million or increased 11.51% from THB 2,681.33 million in 2021. The amount increased in line with an increase in sales of real estate. The cost of real estate comprised cost of land and land improvement, construction costs, interest cost and other development expenses; for example, project and landscape design cost, construction consultant fees, and related license fees issued by the government authorities etc.

## Gross profit

In 2022, the Group had gross profit of THB 2,403.98 million which increased by THB 202.45 million or increased 9.20% from THB 2,201.53 million in 2021, equivalent to the gross profit margin of 40.20%, close to the gross profit margin of 43.74% in the previous year. The gross profits were in line with the sales of real estate which were the majority of the sales and service revenue. The Group was able to maintain good gross profit margin over time because their emphasis in the sales pricing policy and monitor cost control activities especially for land selection and project development cost control process.

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## Other income

In 2022, the Group recorded other income of THB 485.11 million, increased THB 381.30 million from THB 103.81 million in 2021. The other income increased because the Group disposed investment in subsidiaries, which develop condominium projects, to new business partners to develop Atmoz Bangna Project, Atmoz Oasis Onnut Project and Kave Seed Kaset Project totaling of THB 430.52, comprising gain on disposal of investment in a subsidiary of THB 210.08 million and gain on remeasurement of investment at fair value THB 220.44 million.

## Distribution cost

In 2022, the Group recorded distribution cost of THB 666.28 million, increased THB 213.76 million or increased 47.24% from THB 452.52 million in 2021. The distribution cost increased because sales of real estate increased and selling expense related 8 new launched projects during the year 2022.

The new launched projects of the year 2022 are as follows:

Number	Project Name	Number of Unit	Project Value (THB million)	Project Launched	Project Type
1	Atmoz Kanaal Rangsit	979	1,650	Q1/2022	Condominium
2	Atmoz Oasis Onnut	1,110	2,200	Q1/2022	Condominium
3	Atmoz Portrait Srisaman	680	1,150	Q2/2022	Condominium
4	Atmoz Flow Minburi	739	1,350	Q2/2022	Condominium
5	Kave Town Colony	1,083	1,800	Q2/2022	Condominium
6	Kave Seed Kaset	600	1,350	Q3/2022	Condominium
7	Kave Universe	245	520	Q4/2022	Condominium
8	Esta Rangsit Klong 2	153	680	Q4/2022	Landed Housing
	<b>Total</b>	<b>5,589</b>	<b>10,700</b>		

The Group disposed investment in subsidiaries to develop Atmoz Bangna Project, Atmoz Oasis Onnut Project and Kave Seed Kaset Project in Q1/2022, Q3/2022 and Q4/2022 respectively.

## Administrative expenses

In 2022, the Group recorded administrative expenses of THB 578.58 million which increased by THB 149.60 million or increased 34.87% from THB 428.98 million in 2021. The administrative expenses increase was in line with the Group's business expansion. It mainly comprised of salaries and wages, office and utilities expenses, and after-sales and common expenses of units of the completed projects owned by the Group.

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## Share of loss from investments in joint ventures

In 2022, the Group invested in 2 companies which are ZaaP World Entertainment Co., Ltd. (“ZWE”) and Botainca Grand Avenue Co., Ltd. (“Botanica”) to expand the Group’s business in Lifestyle & Entertainment and expand landed housing projects in Phuket territory respectively. Besides, the Group disposed of investment in subsidiaries to new business partners to expand its investment opportunity and to increase business profitability. These subsidiaries are Wise Estate 3 Co., Ltd., , Wise Estate 7 Co., Ltd., , and Wise Estate 10 Co., Ltd. which developed Atmoz Bangna Project, Atmoz Oasis Onnut Project, and Kave Seed Kase Project respectively.

Share of loss from investment in associates and joint ventures for the year 2022 are as follows:

Type of investment	Number of Project			Share of profit/loss (THB million)		
	Under construction	Transferred	Total	Under construction	Transferred	Total
Associates	n/a	n/a	n/a	n/a	n/a	2.14
Joint ventures	3	1	4	101.87	93.19	8.68
<b>Total</b>						<b>10.82</b>

In 2022, the Group recognised share of loss of THB 10.82 million; comprising share of profit of THB 93.19 million from transferred units of the Salaya Project and share of loss of THB 101.87 million from 3 joint ventures which these projects are under construction.

## Net profit

In 2022, the Group recorded net profit of THB 1,118.52 million which increased by THB 167.16 million or increased 17.57% from THB 951.36 million in 2021, equivalent to the net profit margin of 18.70% and 18.90% of the year 2022 and 2021 respectively. The Group was able to maintain their profit continually for the year 2022, net profit was THB 1,353.02 million or equivalent to the net profit margin of 22.63% increase from THB 266.40 million or increased 24.52%. The prior year profit margin was 1,086.62 or equivalent to net profit margin of 21.59%. The higher profit margin was mainly driven by selective sourcing potential development sites and effective cost control management especially for construction cost.

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## Financial position

### Assets

As of the year ended 2022, the Group recorded total assets of THB 15,536.61 million which increased by THB 4,201.37 million or increased 37.06% from THB 11,335.24 million as of the year ended 2021. The main reasons come from increase in inventory for THB 3,479.32 million and increase in investment in joint ventures of THB 262.55 million. The increase in inventory mainly was from purchase of land for developed projects. The increase in investment in joint ventures increased from change status from subsidiaries to joint ventures of 3 companies which develops condominium projects such as Atmoz Bangna Project, Atmoz Oasis Onnut Project, and Kave Seed Kaset Project and also increased from capital injection base on ownership interest of joint venture projects.

### Liabilities

As of the year ended 2022, the Group recorded total liabilities of THB 9,583.75 million which increased by THB 3,185.06 million or increased 49.78% from THB 6,398.69 million as of the year ended 2021. The main reasons come from increase in short-term borrowings from financial institutions of THB 362.00 million, increase in long-term borrowings from financial institutions of THB 1,526.68 million, increase in debentures of THB 995.65 million and convertible debenture of THB 314.87 million to support current and future projects development.

### Shareholders' Equity

As of the year ended 2022, the Group recorded total shareholders' equity of THB 5,952.86 million which increased by 1,016.31 million or increased 20.59 % from THB 4,936.55 million as of the year ended 2021. The main reasons come from increase in unappropriated retain earning increased of THB 766.60 million and increase in minority interest increase of THB 232.63 million.

Please be informed accordingly

Yours Sincerely

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(Mr. Kromchet Vipapong)

Chief Executive Officer