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28 February 2023

Subject : Clarification of Year 2022 Operating Result

To : President
The Stock Exchange of Thailand

Sansiri Public Company Limited (SIRI) would like to clarify the operating result for the quarter ended 31 December 2022 of the Company and its subsidiaries as follows.

Total revenue in 2022 amounted to 34,983 Million Baht, increased by 18 percent from 29,558 Million Baht in 2021. Revenue increased in almost every business unit except revenue from business management service which slightly decreased when compared to last year. For the year 2022, Sansiri and its subsidiaries reported net profit (equity holders of the Company) of 4,280 Million Baht, tremendously grow up by 112 percent from net profit (equity holders of the Company) of 2,017 Million Baht in 2021. In this regard, 2022 net profit was all-time high net profit that Company has recorded.

Revenue from Property Development

The breakdown of revenue from project sales during 2020 - 2022 is as follows.

Product Type	2020		2021		2022	
	Million Baht	%	Million Baht	%	Million Baht	%
Single-detached Houses	14,392	47.1	12,753	48.7	13,545	44.1
Townhome / Home Offices	2,838	9.3	2,277	8.7	3,784	12.3
Mix Product	1,199	3.9	2,633	10.1	3,278	10.7
Condominiums	12,130	39.7	8,508	32.5	10,109	32.9
Total	30,559	100.0	26,170	100.0	30,716	100.0

In 2022, Sansiri and its subsidiaries reported the revenue from project sales amounted to 30,716 Million Baht, resulting in a 17 percent increase in revenue from project sales from 26,170 Million Baht in 2021. Revenue from project sales increased in every product type.

Revenue from housing projects consist of single-detached house, townhome, and mix product amounted to 20,607 Million Baht, accounted for 67 percent of total revenue from project sales. For revenue from single-detached house projects in 2022 amounted to 13,545 Million Baht, a 6 percent increase from 12,753 Million Baht in 2021. The revenue from single-detached house was mainly from 5 projects, including Setthasiri Rama 5, Setthasiri Phahon-Watcharapol, Setthasiri Krungthep Kreetha 2, Setthasiri Charan-Pinklao 2, and Narasiri Krungthepkreetha, which altogether contributed 5,553 Million Baht or 18 percent of total revenue from project sales. In term of revenue from townhome projects, it had highest growth among every product type, or grow by 66 percent from 2021. In 2022, there were 11 new townhome projects launched and they contributed revenue amounted 1,781 Million Baht. Besides, revenue from mix product project in 2022 amounted to 3,278 Million Baht, increased by 25 percent from 2021. Anasiri Chaiyapruerk-Wongwaen, Anasiri Rangsit, and Anasiri Ratchapruerk-346 was the top 3 highest contributor in 2022 respectively, contributing revenue of 1,339 Million Baht.

Out of total revenue from project sales in 2022, revenue from condominium projects amounted to 10,109 Million Baht, accounted for 33 percent of total revenue from project sales, an increase of 19 percent from 8,508 Million Baht in 2021. In this regard, XT Huaikwang was the highest contributors in 2022. Moreover, XT Phayathai, The BASE Petchburi-Thonglo, The MUVE Kaset, and The MUVE Ram 22, which were the newly completed projects and started transfer in 2022 supporting revenue approximately 11 percent of the total revenue from project sales.

In 2022, revenue from projects for rent also increased by 35 percent from 156 Million Baht in 2021 to 210 Million Baht in 2022, resulted from additional areas for rent, discontinuity of rental fee discount, and a rise in occupancy rate from the economic activity returned to normalcy.

Revenue from Property Services

In 2022, revenue from business management stood at 1,679 Million Baht, a slightly decreased by 1 percent from 1,687 Million Baht in the last year. Whilst revenue from hotel management amounted to 548 Million Baht, increased by 74 percent from 315 Million Baht in 2021 due to the economic recovery and 2 new hotels, named The Standard Ibiza and The Standard Mahanakorn, started operation in 2022. Besides, Sansiri has revenue from other services including revenue from hotel business and education business amounted to 514 Million Baht, which increased by 96 percent from 262 Million Baht in 2021 due to the recovery of tourism and hotel business after country reopening. As a result, revenue from hotel business considerably grew by 257 percent compared to last year.

Cost of Goods Sold and Operating Expenses

Cost of Project Sales and Other Costs

For the year 2022, cost of project sales amounted to 19,834 Million Baht, a 16 percent increase from that of the year 2021, in accordance with an increase in revenue from project sales. Gross profit margin of project sales significantly increased from 33.8 percent in 2021 to 35.4 percent in 2022, it increased in every product type. Cost of business management services and cost of projects for rent decreased by 5 percent and 3 percent respectively in accordance with a decrease in its revenue. However, Sansiri recorded cost of hotel management services amounted to 1,023 Million Baht, increased from 728 Million Baht in 2021 in line with an increase in revenue from hotel management. Similarly, cost of other services including hotel business and education business meaningfully increased by 82 percent from that of last year in accordance with a 96 percent increase in revenue from other services.

Selling, General and Administrative Expenses

Sansiri and its subsidiaries recorded selling and administrative expense in 2022 at 7,165 Million Baht, accounted for 20.5 percent of the total revenue, a drop from 20.5 percent of total revenue of last year. The selling expenses in 2022 were at 2,238 Million Baht or 6.4 percent of total revenue, decreased from 6.8 percent of total revenue in 2021. The administrative expenses (including management benefit expenses) amounted to 4,926 Million Baht or 14.1 percent of total revenue, decreased from 14.7 percent of total revenue in 2021. The main factor was from the growth of revenue based which higher than the growth of selling and administrative expense.

Finance Cost

In 2022, finance cost was 737 Million Baht, down from 1,165 Million Baht in 2021, owing mostly to the development of existing land plots to support business expansion in the next 2-3 years. As a result, the interest charges incurred by the developed land plots can be capitalised as cost of the projects rather than financial expenses.

Net Profit

For the year 2022, Sansiri and its subsidiaries reported net profit of 4,280 Million Baht, significantly increased by 112 percent from 2,017 Million Baht in 2021. In this regard, the net profit margin was at 12.2 percent of total revenue, increasing from 6.8 percent of total revenue in 2021. The main factors were from the significant increase in gross profit margin of core business from 33.7 percent in 2021 to 35.4 percent in 2022, as well as an increase in share of profit from investments in joint ventures and associates, and reduction of selling and administrative expense, finance expense, and tax expense. In addition, an effective corporate income tax in 2022 was at 20.9 percent of earnings before corporate income tax.

Financial Position as of 31 December 2022

Total Assets

Total assets of Sansiri and its subsidiaries as of 31 December 2022 amounted to 127,451 Million Baht, an increase of 10,819 Million Baht from 31 December 2021. Current assets as of 31 December 2022 were 97,254 Million Baht, increasing by 31,215 Million Baht from 31 December 2021 chiefly due to an increase in real estate development for sales. Total non-current assets as of 31 December 2022 were 30,197 Million Baht, a decrease of 20,396 Million Baht from 31 December 2021. The decrease was primarily from a decrease in land held for development, some of which had shifted to an increase in current assets, such as real estate development for sale, and investment properties.

Total Liabilities

Total liabilities of Sansiri Group amounted to 83,411 Million Baht as of 31 December 2022, an increase of 7,746 Million Baht from 31 December 2021. Total current liabilities amounted to 42,316 Million Baht, increasing by 4,671 Million Baht. Whilst total non-current liabilities rose by 3,075 Million Baht to 41,095 Million Baht. In this regard, the interest-bearing debt increased from 63,694 Million Baht as of 31 December 2021 to 70,655 Million Baht as of 31 December 2022, due to an increase in unsecured debenture issued during 2022. The debt-to-equity ratio was 1.89 times with the interest-bearing debt-to-equity ratio (Gearing ratio) was 1.60 times. In this regard, Sansiri has been operating under restrictive financial covenants with gearing ratio less than 2.5 to 1.

By the definition, 'Liabilities' means total liabilities as appears in the financial statements, including financial obligations and provisions from collateral of aval by bond issuers or any obligations in the same manner to any person or juristic person (The collateral is not included the case that other person acts as a guarantor for the bond issuer or subsidiary). However, financial obligations and provisions as mentioned above do not include financial obligations and provisions with account payables, advanced received from customer or any debt of bond issuer with no interest obligation, and lease payables.

Total Shareholders' Equity

Shareholders' Equity as of 31 December 2022 amounted to 44,041 Million Baht, an increase of 3,074 Million Baht from as of 31 December 2021 caused by an increase in retained earnings of 2,512 Million Baht as well as the subscription received in advance from exercise of warrants of 522 Million Baht. Furthermore, dividend payment was paid at 1,489 Million Baht out of net profit in 2021, together with 327 Million bath dividend paid for subordinated perpetual debentures – net of income tax.

Cashflow

Sansiri and its subsidiaries had beginning cash balance of 2,181 Million Baht, with net cash used in operating activities of 674 Million Baht, net cash used in investing activities of 1,110 Million Baht, and net cash from financing activities of 2,340 Million Baht, resulting in the ending cash balance of 2,660 Million Baht as of 31 December 2022. In this regard, profit from operating activities before changes in operating assets and liabilities was 26,888 Million Baht. Cash used as development costs for property development for sale amounted to 26,210 Million Baht. For investing activities, the key components were loans to related parties of 976 Million Baht and payment on purchase of other financial assets of 790 Million Baht. For financing activities, the key components were net proceeds from debenture issuance of 6,667 Million Baht, partially offset with dividend payment of 1,489 Million Baht.

Please be informed accordingly.

Yours Sincerely,

(Mr. Wanchak Buranasiri)

Authorised Director