

No. CHEWA 23-05/01

May 15, 2023

Subject: Explanation and analysis of the management for the three-month period ending 31 March 2023

Attention: Directors and Managers Stock Exchange of Thailand

Performance result overview

The real estate market in the first quarter of 2023 shows a consistent improvement, which is the result of several positive factors. The opening of China has led to a booming tourism industry. Despite the global economic recession, Southeast Asia and China have experienced a steady growth trend. In this regard, the state's policies of reducing ownership transfer fees and mortgage fees for real estate transactions valued at no more than 3 million baht and lowering the land and building tax rates in 2023 are factors that have continuously stimulated the real estate business. Still, there are several risk factors, including interest rate hikes from the policy of the Monetary Policy Committee (MPC), leading to commercial banks raising loan interest rates this year. There are also factors affecting the cost of project development, such as the market price of land which is the main cost that has increased due to the new government appraisal price adjustment implemented at the beginning of last year. The announcement of a minimum wage increase in October 2022 has also impacted the development project cost, causing the price to increase, and affecting the purchasing power of middle and lower-class customers in making decisions and applying for loans.

However, the Company still has plans to expand both low-rise and high-rise with 1-2 projects this year. The Company also continues to focus on online marketing across all platforms to respond to the changing lifestyle trends of the modern era. Furthermore, the Company emphasizes the consumer's perspective in various dimensions to align with the current situation. In terms of cost and expense management policies, the Company prioritizes policies that provide value. Additionally, the Company focuses on adopting the principles of environmental, social, and governance (ESG) sustainability to apply to the Company's management. Regarding the environment, the Company has implemented the "CHEWA Goes Green" project to raise awareness, instill a sense of energy conservation, resource preservation, and proper waste separation, as well as add value to waste by upcycling it to create benefits in the future. This also helps reduce some of the Company. Regarding society, the Company provides employee welfare, builds good relationships, and provides opportunities for employees to communicate their opinions, suggestions,

and ideas that are beneficial to the Company with top executives under the "Boon Ror Fung" project. The project also serves as a channel for receiving concerns in order to help reduce the risk of corruption. The Company also continuously develops employees' skills to assist in maximizing product quality and organizational growth, ensuring the business operates securely and sustainably.

Chewathai Public Company Limited (Chewa) would like to clarify the operating result for the Quarter ended 31 March 2023 of the Company and its subsidiaries as follows.

Table for performance comparison during three-month periods as of 31 March 2023 and 2022.

(Unit: Million Baht)

Statement of comprehensive income	For the period 3 month			
	2023	2022	Change	%
Revenue				
Revenue from sale of real estate	371.67	298.67	73.00	24.44
Other income	12.53	8.04	4.49	55.83
Total Revenue	384.20	306.71	77.49	25.26
Expenses				
Cost of real estate sold	264.72	208.01	56.71	27.26
Selling expenses	48.89	46.88	2.01	4.30
Administrative expenses	39.83	43.98	(4.15)	(9.44)
Total Expenses	353.44	298.87	54.57	18.26
Profit before share of profit (loss) from investments in joint venture and associate, finance costs and income tax	30.76	7.84	22.92	292.34
Share of profit (loss) from investment in joint venture	(1.66)	(1.41)	0.25	17.76
Share of loss from investments in associates	(0.07)	(0.97)	(0.90)	(92.08)
Profit before finance income, finance costs and income tax	29.03	5.46	23.57	431.93
Finance costs	(18.48)	(9.75)	8.73	89.46
Profit (loss) before income tax	10.55	(4.29)	14.84	(346.08)
Income tax expenses	(3.43)	0.28	3.71	1,305.99
Profit (loss) from operation	7.12	(4.01)	11.13	(277.30)
Comprehensive income for the period	1.10	4.09	(2.99)	(73.01)
Profit (loss) for the period	8.22	0.08	8.14	10,177.50

Gross Profit Margin from sales of real estate (%)	28.78%	30.36%
Net profit (%)	2.14%	0.03%

Operating Income

1. Real estate sales revenue

(Unit: Million Baht)

Revenue from sale of real estate	For the 3 months			
	2023	2022	Change	%
Condominiums	216.59	191.97	24.62	12.82
Townhomes/Home offices	98.08	66.89	31.19	46.62
Single-detached houses	46.40	39.81	6.59	16.55
Renuer	10.60	-	10.60	100.00
Total	371.67	298.67	73.00	24.44

For the first quarter of 2023, the Company had income from real estate sales of 371.67 million baht or 97.89% of total revenue, an increase of 73.00 million baht from the same previous year, or an increase of 24.44%, which divided into:

- **Income from condominium projects** amounted to 216.59 million baht or 58.27% of the total revenue from real estate sales, an increase from the same quarter last year of 24.62 million baht or 12.82%. The increase mainly from the Chewathai Pinklao project, which had its first sales launch in the second quarter of 2022, resulting in an increase compared to the same period last year. In the first quarter of 2023, the Chewathai Kaset – Nawamin project had a higher transfer of ownership than the previous quarter, which may be due to the recovery of the real estate sector that was starting to improve.
- **Income from low-rise projects** divided into Townhomes/Home offices projects amounting to 98.08 million baht, and a single house project with a value of 46.40 million baht, totaling 144.48 million baht or 38.87% of the real estate sales revenue. Townhomes/Home offices projects increased by 31.19 million baht or 46.62% from the previous quarter, while other townhome/commercial building projects saw an increase in revenue from the Chewahome Suksawat Pracha U-thit project, which had a higher transfer of ownership in comparison to the previous quarter, due to price adjustments and targeting customers with stronger purchasing power.

But for the Single-detached houses project, the increase is only a little, 6.59 million baht or 16.55% mainly due to the Chewarom Nakorn-in project, which had a similar transfer amount as last year in the

same quarter. This project has been of interest to customers since its launch and is currently being built continuously to match the reservation and transfer targets set in the backlog.

- **Income from Renue projects**, for the second-hand home or Renue project, the revenue for the first quarter has increased by 10.60 million baht compared to the same quarter of the previous year, or 2.85% of the total revenue from real estate sales. The project launch in the third quarter of 2022, when the company saw an opportunity to expand its business and focus on the second-hand home market. Although the project has just begun, the company has received positive feedback, and customers have shown continuous interest by making transfers.

2. Other Income

The company had other incomes of 12.53 million baht, or 3.26% of total revenue. Other incomes consist of the revenue from management and rental asset of 8.00 million baht and, interest income 4.53 million baht.

Cost of sales and gross profit

For the first quarter of 2023, the Company had cost of real estate sales of 264.72 million baht or 68.90% of total revenue, there was an increase of 56.71 million baht from the previous year or 27.26%.

For the gross profit from the sale of real estate is 29.53% increasing for the previous year amount 71.68 million baht or 13.06%, Due to tight cost management and adjusting the selling price to be in line with the current market situation.

The gross profit from real estate sales in the first quarter of 2023 is 28.78%, an increase from the same quarter of the previous year which was 16.29 million baht or increase of 17.97%. This is due to tight cost management and adjusting selling prices to be in line with the current market situation.

Selling and administrative expenses

The company had a rate of selling and administrative expenses to total revenue (SG&A) for the first quarter of 2023 amounted to 88.72 million baht for the three-month period or 2.35% 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 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 1.66 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 0.07 million baht.

Net profit

From the operating results for the first quarter of 2023, the Company and its subsidiaries had a profit from operations for the three-month period of 7.12 million baht, and actuarial profit of 1.10 million baht, resulting in the company's net comprehensive income for the period of 8.22 million-baht, net profit increase from the same quarter of previous year by 8.14 million baht or 101.78%

Financial status analysis comparison during the year ended 31 March 2023 and 31 December 2022.

(Unit: million baht)

Financial Statement	31 Mar 23	31 Dec 22	เปลี่ยนแปลง	%
Total Asset	6,379.80	6,312.42	67.38	1.07
Total Payables	4,402.99	4,321.55	81.44	1.88
Shareholder's Equity	1,976.81	1,990.87	(14.06)	(0.71)

Total Asset

On March 31, 2023, the company's total assets amounted to 6,379.80 million baht, an increase of 67.38 million baht or 1.07% from the previous year. The aforementioned changes were due to an increase of 106.97 million baht in the deposit for land purchases, as the company plans to expand and develop new projects, resulting in an increase in the portion of assets.

Total liabilities

On March 31, 2023, the company's total liabilities amounted to 4,402.99 million baht, an increase of 81.44 million baht or 1.88% from the previous year. The increase was mainly due to the issuance of convertible bonds worth 50.95 million baht in the first quarter of 2023, which increased the total liabilities,

despite the company receiving loans from financial institutions. However, there were also repayments made, resulting in a net increase in liabilities that was not significant.

Debt to Equity Ratio (D/E) according to the financial statements as of 31 March 2023 at the rate of 2.23 times as of December 31st, 2022 at the rate of 2.17 times. according to the conditions as specified by the bank

Shareholder's Equity

The shareholders' equity as of March 31, 2023 was 1,976.81 million baht, decreased from the previous year by 14.06 million baht or 0.71%. This was due to the company's announcement of a dividend payment for the 2022 operating results in the first quarter of 2023, in the amount of 23.33 million baht.

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