

# Chayo Group Public Company Limited

44/499-504 Phahonyothin Rd, Khwaeng Anusawari, Khet Bang Khen, BKK. 10220

- Translation -

CGC 028/2023

11 May 2023

Subject: Management Discussion and Analysis for the three month periods ended 31 March 2023

To: The President  
The Stock Exchange of Thailand

Chayo Group Public Company Limited would like to report the Operation results the three month periods ended 31 March 2023 of the company and its subsidiaries (“the Company”) as follows:

## Operating results

	Company Only				Consolidated			
	Jan - Mar 2022	%	Jan - Mar 2023	%	Jan - Mar 2022	%	Jan - Mar 2023	%
Interest Income from loan to non-performing assets	34,725,691	90.1%	44,588,034	88.6%	200,905,301	90.6%	316,910,538	85.7%
Service income from debt collection services	3,834,556	9.9%	5,733,225	11.4%	7,953,813	3.6%	8,826,231	2.4%
Interest Income from lending business	-	0.0%	-	0.0%	12,890,436	5.8%	21,391,491	5.8%
Revenue from recruitment service	-	0.0%	-	0.0%	5,842	0.0%	22,498,205	6.1%
Revenue from Sales	-	0.0%	-	0.0%	-	-	-	0.0%
<b>Total income</b>	<b>38,560,247</b>	<b>100.0%</b>	<b>50,321,259</b>	<b>100.0%</b>	<b>221,755,392</b>	<b>100.0%</b>	<b>369,626,465</b>	<b>100.0%</b>
<b>Costs of render services and managing non-performing assets</b>	<b>(10,379,661)</b>	<b>-26.9%</b>	<b>(12,633,299)</b>	<b>-25.1%</b>	<b>(52,231,952)</b>	<b>-23.6%</b>	<b>(54,586,504)</b>	<b>-14.8%</b>
<b>Costs of recruitment service</b>							<b>(21,309,223)</b>	<b>-5.8%</b>
<b>Costs of goods sold</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>0.0%</b>	<b>(6,408)</b>	<b>0.0%</b>	<b>-</b>	<b>0.0%</b>
<b>Gross profit</b>	<b>28,180,586</b>	<b>73.1%</b>	<b>37,687,960</b>	<b>74.9%</b>	<b>169,517,032</b>	<b>76.4%</b>	<b>293,730,738</b>	<b>79.5%</b>
Other incomes	41,488,494	107.6%	57,367,080	114.0%	1,175,598	0.5%	839,176	0.2%
Gain on disposal of foreclosed assets	0	0.0%	0	0.0%	16,337,111	7.4%	9,245,034	2.5%
Administrative expenses	(13,006,821)	-33.7%	(16,186,601)	-32.2%	(22,135,145)	-10.0%	(23,845,826)	-6.5%
Expected credit loss	(7,802,157)	-20.2%	(27,545,373)	-54.7%	(41,940,378)	-18.9%	(82,954,261)	-22.4%
Finance costs	(22,557,594)	-58.5%	(47,383,198)	-94.2%	(23,773,508)	-10.7%	(48,834,266)	-13.2%
<b>Profit before income tax</b>	<b>26,302,508</b>	<b>68.2%</b>	<b>3,939,868</b>	<b>7.8%</b>	<b>99,180,710</b>	<b>44.7%</b>	<b>148,180,595</b>	<b>40.1%</b>
Income tax (expenses)	(5,485,840)	-14.2%	(304,934)	-0.6%	(22,966,795)	-10.4%	(29,899,046)	-8.1%
<b>Net profit for the period</b>	<b>20,816,668</b>	<b>54.0%</b>	<b>3,634,934</b>	<b>7.2%</b>	<b>76,213,915</b>	<b>34.4%</b>	<b>118,281,549</b>	<b>32.0%</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>0.0%</b>
<b>Total comprehensive income for the period</b>	<b>20,816,668</b>	<b>54.0%</b>	<b>3,634,934</b>	<b>7.2%</b>	<b>76,213,915</b>	<b>34.4%</b>	<b>118,281,549</b>	<b>32.0%</b>
<b>Total comprehensive income attributable to:</b>								
<b>Owners of the parent</b>	20,816,668	54.0%	3,634,934	7.2%	72,502,380	32.7%	103,841,281	28.1%
<b>Non-controlling interest</b>	-	0.0%	-	0.0%	3,711,535	1.7%	14,440,268	3.9%
<b>Total comprehensive income for the period</b>	<b>20,816,668</b>	<b>54.0%</b>	<b>3,634,934</b>	<b>7.2%</b>	<b>76,213,915</b>	<b>34.4%</b>	<b>118,281,549</b>	<b>32.0%</b>
<b>Earnings per share</b>	<b>0.0201</b>	n/a	<b>0.0033</b>	n/a	<b>0.0699</b>	n/a	<b>0.0949</b>	n/a

### ■ Total Income

In the first quarter of 2023, the Company had a total income of Baht 369.63 million which increase from the first quarter of 2022 around Baht 147.87 million (or increased around 66.68%). The reasons for the increment mainly arose from the increment of interest income from loan to non-performing assets and interest income

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from lending business around Baht 116.00 million and Baht 8.50 million respectively. (Please see the details below) In addition, there Company had the income from new business (recruitment services) another Baht 22.50 million.

### ■ Income from Loans to Non-performing Assets

In the first quarter of 2023, the Company had cash collection from unsecured loan and income from selling collateral of secured loan around Baht 105.10 million which increased from the first quarter of 2022 around Baht 33.82 million (or increase around 47.45%). The cash collection from unsecured loan has increase continuously from end of the year 2021 throughout the year 2022. This is because the bought more unsecured to manage. As a result for the first quarter of 2023, the Company has more income compare with the same period last year. The following are the details;

	For the 3 months period ended 31 March 2023		For the 3 months period ended 31 March 2022	
	Million Baht	%	Million Baht	%
Interest income – EIR (Effective interest rate)	230.42	72.70%	136.97	68.17%
Interest income over EIR	86.51	27.30%	63.94	31.83%
<b>Total interest income</b>	<b>316.93</b>	<b>100%</b>	<b>200.91</b>	<b>100%</b>
Cash Collection and income from selling collateral	105.10	100.00%	71.28	100.00%
- Unsecured loan	99.56	94.73%	69.70	97.78%
- Secured loan	5.54	5.27%	1.58	2.22%
Cash received from selling foreclosed asset	24.82	-	86.29	-

### ■ Services Income from Debt Collection Service

In the first quarter of 2023, the Company had services income around Baht 8.83 million which increased from the first quarter of 2022 around Baht 0.87 million (or increased around 10.96%). This is because the increasing of work from collection business.

### ■ Interest Income from Lending Business

In the first quarter of 2023, the Company recorded interest income from lending business around Baht 21.39 million which increased from the first quarter of 2022 around Baht 8.50 million (or increased around 65.95%). This is because the Company lending the money to the customers more than the first quarter of 2022. The Outstanding loan as at 31 March 2023 and 2022 was at Baht 668.56 million and at Baht 387.22 million respectively.

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## ■ Revenue from recruitment service

In the first quarter of 2023, the Company recorded revenue from recruitment service amounted to Baht 22.50 million as the result from the Group of the Company seeking for new business (providing the manpower to factories).

## Cost of rendering services and managing non-performing assets

In the first quarter of 2023, the Company recorded costs of rendering services around Baht 54.59 million which increased from the first quarter of 2022 around Baht 2.35 million (or increased around 4.51%). The increment represents commissions that paid to the employee, with in line with the increment of the collection.

## Cost of recruitment service

In the first quarter of 2023, the Company recorded costs of recruitment service around Baht 21.31 million which was equivalent to 94.72% of total incomes. The major costs were salary and welfare.

## Gross Profit

In the first quarter of 2023, the Company had gross profit of Baht 293.73 million (equivalent to 79.5% of total incomes) which increased from the first quarter of 2022 amounted to Baht 124.21 million. The increment mainly arose from the increment of interest Income from loan to non-performing assets and the increment from the interest Income from lending business.

## Other Income

Other income mainly represents interest income and rental income. In the first quarter of 2023, the Company had other income around Baht 0.84 million which decreased from the first quarter of 2022 around Baht 0.34 million.

## Gains on disposal of foreclosed assets

In the first quarter of 2023, the Company had gain on disposal of foreclosed assets around to Baht 9.24 million which decreased from the first quarter of 2022 around Baht 7.09 million. This is because the Company can sell the NPAs less than the same period last year. (NPA has occurred from buying assets (or collateral of NPL) from the Legal Execution Department through Auction Process back as NPAs).

## Administrative Expenses

Administrative expenses mainly represent salary, welfare, bonus for the employee and management, audit fee, and business consultation fee. In the first quarter of 2023, the Company had administrative expenses around Baht 23.85 million which increased compared with the first quarter of 2022 amounted to Baht 1.71

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million. The main reason for the increment was the salary and other benefits of employee, and depreciation from new accounting standard regarding rental agreement.

### Expected Credit Loss

This expense occurred from the difference between the present values of future cash flows (PV) and the net book value of each loan. In case that PV was less than NBV, this amount would be recorded as expected credit loss according to financial reporting standard No.9 (IFRS9). The expected credit loss for the first quarter of 2023 was around Baht 82.95 million which increased from the first quarter of 2022 around Baht 41.01 million. The reason for the increment mainly arose from the increasing of unsecured ports around the year 2022 that reflecting to the increment of expected credit loss as normal business.

### Finance Cost

Finance cost for the first quarter of 2023 increased around Baht 25.06 million from the first quarter of 2022. The reason for the increment mainly arose from the increment of loans that the Company borrows for investing in non-performing assets and related business.

### Income Tax Expenses

The income tax expense in the increased from the first quarter of 2022 Baht 6.93 million with in line with increasing the profit before tax.

### Net Profit

The net profit for the first quarter of 2023 had net profit of Baht 118.28 million which increased from the first quarter of 2022 around Baht 42.07 million or equivalent to 55.20%. The reasons for the increment in net profit mainly arose from the increment of income from loans to non-performing assets and interest income from lending business.

### Financial position

#### Total Assets

As at 31 March 2023, the Company had total assets of Baht 8,359.50 million which increased from the end of year around Baht 1,156.13 million or increased around 16.05%. The reasons for the increment mainly arose from;

- The increment of cash and cash equivalent around Baht 924.47 million mainly from issuing debenture Baht 1,000 million by the end of March 2023 to invest in purchasing NPL port and/or lending and/or using for working capital. and,
- The increment of loan receivable (net) around Baht 22.86 million and,
- The increment of loan for non-performing asset around Baht 200.84 million and,

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- The decrement of foreclosed asset around Baht 11.96 million.

### Total Liabilities

Total liabilities as at 31 March 2023 was Baht 4,390.31 million which increased from the last year around Baht 1,028.75 million. The reasons for the increment mainly arose from;

- The increment of debenture around Baht 990.60 million and,
- The increment of deferred tax liabilities around Baht 27.45 million and,
- The increment of loan from bank (short-term and long-term) around Baht 22.01 million and,
- The decrement of account and other payables around Baht 20.55 million.

### Total Shareholders' Equities

Total shareholders' equity as of 31 March 2023 was at Baht 3,969.19 million which increased from the last year around Baht 127.38 million. The reasons for the increment mainly arose from

- The increment of unappropriated retained earnings around Baht 103.84 million (from the increment of net profit Baht 118.28 and from the reduction of the dividend payment during the year).
- The increment of Non-Controlling interest around Baht 14.44 million.
- The increment of share capital around Baht 13.33 million

### Debt to Equity ratio (Interest bearing)

- The Debt to Equity ratio (Interest bearing) of the Company as at 31 March 2023 was at 1.04.

Sincerely Yours,

(Mr.Kitti Tungswong)

Deputy Chief Executive Officer