

No. CHEWA 23-08/01

August 10th, 2023

Subject: Explanation and analysis of the management the three-month and six-month period ending June 30th, 2023.

Attention: Directors and Managers Stock Exchange of Thailand

Performance result overview

The real estate market in the second 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 30 June 2023 of the Company and its subsidiaries as follows.

Table for performance comparison during three-month and six-month periods as of June 30, 2023 and 2022.

(Unit: Million Baht)

| Statement of comprehensive income | For the period 3 month | | | | For the period 6 month | | | |
|---|------------------------|---------------|-----------------|-----------------|------------------------|-----------------|-----------------|-----------------|
| | 2023 | 2022 | Change | % | 2023 | 2022 | Change | % |
| Revenue | | | | | | | | |
| Revenue from sale of real estate | 372.38 | 880.16 | (507.78) | (57.69) | 744.05 | 1,178.84 | (434.79) | (36.88) |
| Other income | 7.42 | 9.10 | (1.69) | (18.57) | 19.95 | 17.13 | 2.81 | 16.40 |
| Total Revenue | 379.79 | 889.26 | (509.47) | (57.29) | 763.99 | 1,195.97 | (431.98) | (36.12) |
| Expenses | | | | | | | | |
| Cost of real estate sold | 276.90 | 635.08 | (358.18) | (56.40) | 541.62 | 843.09 | (301.47) | (35.76) |
| Selling expenses | 50.02 | 75.41 | (25.39) | (33.67) | 98.91 | 122.29 | (23.38) | (19.12) |
| Administrative expenses | 49.86 | 43.20 | 6.66 | 15.41 | 89.69 | 87.18 | 2.51 | 2.88 |
| Total Expenses | 376.78 | 753.69 | (376.91) | (50.01) | 730.22 | 1,052.56 | (322.34) | (30.62) |
| Profit before share of profit (loss) from investments in joint venture and associate, finance costs and income tax | 3.01 | 135.57 | (132.55) | (97.77) | 33.78 | 143.41 | (109.63) | (76.45) |
| Share of profit (loss) from investment in joint venture | (1.03) | 4.69 | 5.72 | (121.96) | (2.69) | 3.28 | 5.97 | (182.01) |
| Share of loss from investments in associates | (0.03) | (0.08) | (0.04) | (50.00) | (0.09) | (1.05) | (0.95) | (90.48) |
| Profit before finance income, finance costs and income tax | 1.95 | 140.18 | (138.24) | (98.61) | 31.00 | 145.64 | (114.65) | (78.72) |
| Finance costs | (41.96) | (11.94) | 30.02 | 251.42 | (60.44) | (21.69) | 38.75 | 178.65 |
| Profit (loss) before income tax | (40.01) | 128.25 | (168.26) | (131.20) | (29.44) | 123.96 | (153.40) | (123.75) |
| Income tax expenses | 2.32 | (27.90) | (30.22) | 108.32 | (1.12) | (27.61) | (26.49) | 95.94 |
| Profit (loss) from operation | (37.69) | 100.35 | (138.04) | (137.56) | (30.57) | 96.34 | (126.91) | (131.73) |
| Comprehensive income for the period | - | - | - | - | 1.11 | 4.09 | (2.97) | (72.62) |
| Profit (loss) for the period | (37.68) | 100.35 | (138.04) | (137.56) | (29.45) | 100.43 | (129.88) | (129.32) |

| | | |
|---|--------|--------|
| Gross Profit Margin from sales of real estate (%) | 25.64% | 27.84% |
| Net profit (%) | -9.92% | 11.28% |

| | |
|--------|--------|
| 27.21% | 28.48% |
| -3.85% | 8.40% |

Operating Income

1. Real estate sales revenue

(Unit: Million Baht)

| Revenue from sale of real estate | For the 6 months | | | |
|----------------------------------|------------------|-----------------|-----------------|----------------|
| | 2023 | 2022 | Change | % |
| Condominiums | 504.12 | 769.73 | (265.61) | (34.51) |
| Townhomes/Home offices | 142.39 | 165.63 | (23.24) | (14.03) |
| Single-detached houses | 81.67 | 237.91 | (156.24) | (65.67) |
| Renue | 15.88 | 5.56 | 10.31 | 185.27 |
| Total | 744.05 | 1,178.84 | (434.78) | (36.88) |

| Revenue from sale of real estate | For the 3 months | | | |
|----------------------------------|------------------|---------------|-----------------|----------------|
| | 2023 | 2022 | Change | % |
| Condominiums | 287.53 | 577.76 | (290.23) | (50.23) |
| Townhomes/Home offices | 44.31 | 98.74 | (54.43) | (55.12) |
| Single-detached houses | 35.27 | 198.10 | (162.83) | (82.20) |
| Renue | 5.27 | 5.56 | (0.30) | 100.00 |
| Total | 372.38 | 880.16 | (507.78) | (57.69) |

For the 6-month period, the company generated revenue of 744.05 million Baht from real estate sales, accounting for 97.39% of the total revenue. This represents a decrease from the same quarter of the previous year, which had revenue of 434.79 million Baht, indicating a decrease of 36.88%.

For the second quarter of 2023, the company earned 287.53 million Baht from real estate sales, making up 75.71% of the total revenue. This shows a decrease from the corresponding quarter of the previous year, where the revenue was 507.78 million Baht, indicating a decrease of 57.69%.

These figures are divided as follows:

- **Income from condominium projects**

Revenue from condominium projects for the 6-month period amounted to 504.12 million Baht, accounting for 67.75% of the total revenue from real estate sales. This represents a decrease from the same quarter of the previous year, where the revenue was 265.61 million Baht, indicating a decrease of 34.51%.

As for the performance in the 3-month period, revenue reached 287.53 million Baht, making up 77.22% of the total revenue from real estate sales. This is a decrease from the previous year, where the revenue was 290.23 million Baht, indicating a decrease of 50.23%. The main factor behind this decrease is largely

attributed to Chewathai Pinklao, which had its initial sales launch in the latter part of the second quarter of 2022, resulting in a decline when compared to the same year.

- **Income from low-rise projects** divided into townhomes/home offices projects amounted to 224.06 million Baht, or 30.11% of the total revenue from real estate sales. This represents a decrease from the same quarter of the previous year, where the revenue was 23.24 million Baht, indicating a decrease of 14.03%. This decrease was due to the fact that in the second quarter of 2022, the company did not have any new low-rise projects that contributed to revenue through property rights transfers.

For the 3-month performance, it is divided into townhomes/commercial buildings with revenue of 44.31 million Baht and single-house projects with revenue of 35.27 million Baht, totaling 79.58 million Baht, or 21.37% of the total revenue from real estate sales. The townhomes/home offices segment decreased from the previous year, where the revenue was 54.43 million Baht, indicating a decrease of 52.12%. The decrease in revenue for other townhome/home offices projects was mainly attributed to the decline in property rights transfers from the Chewahome Krungthep-Pratum project when compared.

However, for the single-house projects, revenue decreased by 162.83 million Baht or 82.20%. This decrease is mainly attributed to the Chewarom Nakorn-in and Chewawan Pinklao - Sathorn projects, which saw a decrease in property rights transfers.

- **Income from Renue projects**, for the second-hand home or Renue project, the revenue for the second quarter has increased by 10.31 million baht compared to the same quarter of the previous year, or 185.27% 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 19.95 million baht, or 2.61% of total revenue. Other incomes consist of the revenue from management, rental asset and, interest income. For the second quarter of 2023, the company had other revenues that increased by 2.82 million Baht for the 6-month period, resulting in a decrease of 0.24% compared to the same period. Additionally, for the 3-month performance, there was a

decrease of 1.68 million Baht, accounting for a proportion of 0.19% compared to the corresponding 3-month period of the previous year.

Cost of sales and gross profit

For the second quarter of 2023, the Company had cost of real estate sales of 541.62 million baht or 70.89% of total revenue, there was a decrease of 301.47 million baht from the previous year or 35.76%. As for the 3-month period, the revenue amounted to 276.90 million Baht, representing 36.24% of the total revenue. This indicates a decrease of 358.18 million Baht, which corresponds to a decrease rate of 56.40% when compared to the same quarter of the previous year.

For the 6-month period and the 3-month period, the initial profit from real estate sales was 202.43 million Baht and 95.48 million Baht, respectively. For the 3-month period in the second quarter of 2566, the initial profit decreased by 149.60 million Baht compared to the same quarter of the previous year. The initial profit rates from real estate sales for the 6-month and 3-month periods are 27.21% and 25.64%, respectively.

Selling and administrative expenses

The company had a rate of selling and administrative expenses to total revenue (SG&A) for the 6-month period, the amount was 188.60 million Baht, decreasing by 20.87 million Baht or 9.96%. And for the 3-month period, there was a decrease of 18.74 million Baht, which is 15.80% compared to the same quarter of the 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 2.69 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 0.09 million baht.

Net profit

From the operational results of the second quarter of 2023, both the company and its subsidiaries incurred a net loss from operations for the 3-month period amounting to 37.68 million Baht. The net profit

decreased from the same quarter of the previous year, which was 137.56 million Baht, representing a decrease rate of 137.56%.

Additionally, there was a net loss from operations for the 6-month period, amounting to 29.45 million Baht. This reflects a decrease of 129.88 million Baht compared to the same period of the previous year, indicating a decrease rate of 129.32%.

Financial status analysis comparison during the year ended 30 June 2023 and 31 December 2022.

(Unit: million baht)

| Financial Statement | 30 Jun 23 | 31 Dec 22 | เปลี่ยนแปลง | % |
|-----------------------------|-----------|-----------|-------------|--------|
| Total Asset | 6,254.76 | 6,312.42 | (57.66) | (0.91) |
| Total Payables | 4,315.63 | 4,321.55 | (5.92) | (0.14) |
| Shareholder's Equity | 1,939.13 | 1,990.87 | (52.10) | (2.62) |

Total Asset

On June 30, 2023, the company had total assets of 6,254.76 million Baht, which decreased from the previous year by 57.66 million Baht or a decrease of 0.91%. This change is mainly due to adjustments in cash and cash equivalents, resulting from an increase in land purchases. These purchases were made to align with the company's expansion plans for new projects, leading to payments for certain land parcels. This contributed to an increase in the asset portion. However, the cash amount decreased due to repayments of borrowed funds from financial institutions, resulting in a net decrease in cash of approximately 58 million Baht.

Total liabilities

On June 30, 2023, the company had total liabilities of 4,315.63 million Baht, which decreased from the previous year by 5.92 million Baht or a decrease of 0.14%. This reduction is attributed to the company repaying long-term loans from financial institutions and fulfilling its obligations by redeeming outstanding debentures within the year.

Debt to Equity Ratio (D/E) according to the financial statements as of 30 June 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 June 30, 2023 was 1,939.13 million baht, decreased from the previous year by 51.74 million baht or 2.60%. Due to losses in this quarter of 2023.

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