

(English Translation)

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13 November 2023

Subject : Clarification of Quarter 3Q/2023 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 30 September 2023 of the Company and its subsidiaries as follows.

In 3Q/2023, the Company reported total revenue of 9,554 Million Baht, a 7.9 percent increase from 8,855 Million Baht in 3Q/2022. The growth was attributed to increased revenue from project sales, business management services and hotel business owned by the Company. Net profit (equity holders of the Company) in 3Q/2023 was 1,557 Million Baht, increased by 22.8 percent from 1,268 Million Baht in 3Q/2022. Therefore, 3Q/2023 net profit margin surged from 14.3 percent in the previous year to 16.3 percent.

For 9M2023, total revenue was 28,047 Million Baht, surging by 28.0 percent from 21,913 Million Baht in 9M2022. The Company recognised the gain from sale of assets and lands, a total of 1,134 Million Baht. 9M2023 net profit soared by 91.3 percent from 2,488 Million Baht in 9M2022 to 4,760 Million Baht. As a result, 9M2023 net profit margin rose from 11.4 percent in 9M2022 to 17.0 percent.

Revenue from Property Development

The breakdown of revenue from project sales during 3Q/2023 and 3Q/2022, and for the period of 9M2023 and 9M2022 is as follows.

Product Type	3Q/2023		3Q/2022		9M2023		9M2022	
	(Ended 30 Sep 23)		(Ended 30 Sep 22)		(Ended 30 Sep 23)		(Ended 30 Sep 22)	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Single-detached Houses	3,631	44.0	3,257	41.4	9,485	41.2	8,664	46.2
Townhomes / Home Offices	970	11.7	1,171	14.9	2,758	12.0	2,556	13.6
Mixed Products	740	9.0	743	9.4	2,268	9.9	2,338	12.5
Condominiums	2,909	35.3	2,698	34.3	8,500	36.9	5,194	27.7
Total	8,250	100.0	7,869	100.0	23,011	100.0	18,752	100.0

In 3Q/2023, Sansiri reported the revenue from project sales amounted to 8,250 Million Baht, reflecting a growth of 4.8 percent compared to the previous year of 7,869 Million Baht. The revenue growth was from higher revenue from sales of single-detached house and condominium projects.

Revenue from housing projects, which comprised single-detached houses, townhomes, and mixed products, was 5,341 Million Baht, which represented 65 percent of total revenue from project sales. The single-detached house projects generated the highest revenue growth of any product categories, totaling 3,631 Million Baht, up 11.5 percent from 3,257 Million Baht in the same period last year. The revenue from single-detached houses was mainly from Narasiri Phahol-Watcharapol, Setthasiri Don Mueang, BuGaan Krungthepkreetha, and BuGaan Pattanakarn. Revenue from the aforesaid 4 projects was 20 percent of total revenue from project sales.

Revenue from townhome projects stood at 970 Million Baht, decreasing by 17.2 percent from 1,171 Million Baht in 3Q/2022. The primary sources of revenue were DEMI Sathu 49, Siri Place Ladprao 101 and Siri Place Phaholyothin 52, which contributed 5 percent of total revenue from project sales.

Revenue from mixed product projects in this quarter decreased slightly by 0.4 percent, from 743 Million baht in 3Q/2022 to 740 Million Baht. Anasiri Krungthep-Pathumthani 2, Anasiri Rangsit and Anasiri Srinakarin-Praeksa were the main revenue contributors.

Compared 3Q/2023 to 3Q/2022, revenue from condominium projects increased by 7.8 percent, from 2,698 Million Baht to 2,909 Million baht. XT Phayathai, dcondo Panaa, XT Huaikwang, oka HAUS, Edge Central Pattaya, The Muve Bangkhae and The Base Phetchaburi-Thonglor were the major sources of revenue. Moreover, there was revenue from NIA by Sansiri, a ready-to-move project that was recently launched this quarter. The revenue generated from 8 aforesaid projects accounted for 29 percent of total revenue from project sales.

Further, the Company recorded revenue from projects for rent in 3Q/2023 of 45 Million, reduced by 14.7 percent from 53 Million Baht in 3Q/2022. As a result, revenue from projects for rent in 9M2023 decreased by 9.9 percent compared to last year.

Revenue from Property Services

In 3Q/2023, revenue from business management services stood at 669 Million Baht, growing by 51.4 percent from 442 Million Baht in 3Q/2022. The increase was due to a higher management fee, following an increase in the number of joint venture projects, as well as a management fee incentive from a joint venture project with Tokyu Corporation Company Limited. Consequently, revenue from business management services in 9M2023 grew by 59.9 percent compared to last year. Revenue from hotel management services fell by 8.1 percent from 143 Million Baht in 3Q/2022 to 131 Million Baht in 3Q/2023, but climbed 9.8 percent in 9M2023.

Besides, Sansiri reported revenue from hotel business owned by the Company in 3Q/2023 of 224 Million Baht. This represents a substantial growth of 203.8 percent, compared to 74 Million Baht last year, chiefly due to an investment in SIXTY SoHo Hotel in the United States in February 2023. This led to a 184.6 percent increase in revenue from hotel business in 9M2023.

Cost of Goods Sold and Operating Expenses

Cost of Project Sales and Other Costs

For 3Q/2023, cost of project sales amounted to 5,432 Million Baht, a 6.5 percent increase from 3Q/2022, in accordance with an increase in revenue from project sales. As a result, the cost of project sales in 9M2023 rose by 23.4 percent from last year. Consequently, gross profit margin of project sales in 3Q/2023 reduced from 35.2 percent in 3Q/2022 to 34.2 percent in this quarter, resulted from the rising cost of business operations. However, gross profit margin of project sales in 9M2023 dropped to 33.9 percent from 34.3 percent in 9M2022.

The costs of other businesses also rose during this quarter, including the cost of hotel business, which surged by 152.5 percent owing to an investment in SIXTY SoHo Hotel in the United States in February 2023. This resulted in a 142.3 percent increase in the cost of hotel business in 9M2023. Additionally, the cost of business management services and cost of hotel management services in 3Q/2023 also rose by 57.6 percent and 4.5 percent, respectively. Consequently, in 9M2023, the cost of business management services and cost of hotel management services rose by 45.1 percent and 17.4 percent, respectively. In contrast, the cost of other services declined by 62.9 percent in 9M2023 compared to the previous year, following a disposal of Satit Pattana School in March 2023.

Selling, General and Administrative Expenses

Selling and administrative expenses in 3Q/2023 were 1,385 Million Baht, accounted for 14.5 percent of total revenue, decreasing when compared to 3Q/2022 of 17.5 percent of total revenue. The selling expenses in 3Q/2023 were 637 Million Baht or 6.7 percent of total revenue, increased from 5.9 percent of total revenue in 3Q/2022. The administrative expenses (including management benefit expenses) amounted to 748 Million Baht or 7.8 percent of total revenue, decreased from 11.6 percent of total revenue in 3Q/2022.

For 9M2023, selling and administrative expenses were 4,495 Million Baht, equivalent to 16.0 percent of total revenue, dropping from 19.3 percent of total revenue in 9M2022. The selling expenses were 1,769 Million Baht or 6.3 percent of total revenue, up from 6.0 percent in 9M2022. The administrative expenses were 2,727 Million Baht or 9.7 percent of total revenue, down from 13.3 percent in 9M2022.

Finance Cost

In 3Q/2023, finance cost was 114 Million Baht, rose by 10.2 percent from 104 Million Baht in 3Q/2022, following the rise in policy interest rate. Nonetheless, 9M2023 finance cost declined by 46.8 YoY to 351 Million Baht, 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 (equity holders of the Company)

For 3Q/2023, Sansiri and its subsidiaries reported net profit (equity holders of the Company) of 1,557 Million Baht, rose by 22.8 percent from 1,268 Million Baht in 3Q/2022. In this regard, quarterly net profit margin was at 16.3 percent of total revenue, increasing from 14.3 percent of total revenue in 3Q/2022. The primary contributors to the increase in net profit were higher share of profit from investments in joint ventures and associates, as well as effective expense management at an appropriate level. In addition, an effective corporate income tax in 3Q/2023 was at 20.2 percent of earnings before corporate income tax.

For 9M2023, net profit (equity holders of the Company) was 4,760 Million Baht, representing an outstanding growth of 91.3 percent from 2,488 Million Baht in 9M2022. Net profit margin was 17.0 percent, up from 11.4 percent in 9M2022. The increase was largely driven by higher gross profit margin from core business, business services and hotel management, increased share of profit from investments in joint ventures and associates, as well as gains from sale of Satit Pattana School and lands.

Financial Position as of 30 September 2023

Total Assets

Total assets of Sansiri and its subsidiaries as of 30 September 2023 amounted to 144,026 Million Baht, an increase of 16,575 Million Baht from 31 December 2022. Current assets as of 30 September 2023 were 107,137 Million Baht, increasing by 9,883 Million Baht from 31 December 2022, chiefly due to an increase in real estate development for sales as well as cash and cash equivalents. Total non-current assets were 36,889 Million Baht, an increase of 6,692 Million Baht from 31 December 2022, primarily from an increase in land, building and equipment from the acquisition of SIXTY SoHo Hotel in the United States by our subsidiary in foreign country, together with an increase in long-term loan receivable – net of current portion.

Total Liabilities

Total liabilities of Sansiri Group amounted to 97,034 Million Baht as of 30 September 2023, an increase of 13,623 Million Baht from 31 December 2022. Total current liabilities amounted to 39,916 Million Baht, decreasing by 2,401 Million Baht. Whilst total non-current liabilities rose by 16,024 Million Baht to 57,118 Million Baht. In this regard, the interest-bearing debt increased from 70,655 Million Baht as of 31 December 2022 to 76,829 Million Baht as of 30 September 2023, due to an increase in unsecured debenture issued in January and June 2023. The debt-to-equity ratio was 2.06 times with the interest-bearing debt-to-equity ratio (Gearing ratio) was 1.63 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 30 September 2023 amounted to 46,992 Million Baht, an increase of 2,952 Million Baht from as of 31 December 2022. The increase was from total comprehensive income of 5,275 Million Baht and higher issued and paid-up of 1,659 Million Baht from the exercise of warrants issued for Private Placement and ESOP 8, partly offset with dividend payment of 3,348 Million Baht in May and September 2023.

Cashflow

Sansiri and its subsidiaries had beginning cash balance of 2,660 Million Baht, with net cash from operating activities of 5,590 Million Baht, net cash used in investing activities of 5,486 Million Baht, and net cash from financing activities of 1,142 Million Baht, resulting in the ending cash balance of 4,208 Million Baht as of 30 September 2023.

In this regard, profit from operating activities before changes in operating assets and liabilities was 22,166 Million Baht. In this regard, cash used as development costs for property development for sale amounted to 22,833 Million Baht. For investing activities, the key components were payment on purchase of land, building and equipment of 4,554 Million Baht from the acquisition of SIXTY SoHo Hotel in the United States, an increase in loans to related parties of 1,396 Million Baht, and net cash paid for purchase of other financial assets of 760 Million Baht, partly offset with net cash received from sales of assets related to school business of 1,150 Million Baht. For financing activities, the key components were net proceeds from debentures issuance a total of 5,179 Million Baht from the issuance of debentures in January and June 2023, a total of 12,500 Million Baht, extracting the repayment of debentures totaling 8,000 Million Baht in January and June 2023, as well as cash received from newly issued ordinary shares of 1,188 Million Baht, partially offset by the payment of interest expenses and bills of exchange of 3,588 Million Baht, dividend payments in May and September 2023 of 3,348 Million Baht, and the repayment of net of long-term loans and of 1,694 Million Baht.

Please be informed accordingly.

Yours Sincerely,

(Mr. Wanchak Buranasiri)

Authorised Director