

No. CHEWA 23-11/01

November 13<sup>th</sup>, 2023

**Subject:** Explanation and analysis of the management the three-month and nine-month period ending September 30<sup>th</sup>, 2023.

**Attention:** Directors and Managers Stock Exchange of Thailand

### **Performance result overview**

The real estate market in the third quarter of 2023 shows a consistent improvement, which is the result of several positive factors. 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. In the third quarter of this year the Company has another project awaiting recognition of revenue from transfer of ownership, which will result in the operation as expected. 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 September 2023 of the Company and its subsidiaries as follows.

**Table for performance comparison during three-month and nine-month periods as of September 30, 2023 and 2022.**

(Unit: Million Baht)

Statement of comprehensive income	For the period 3 month				For the period 9 month			
	2023	2022	Change	%	2023	2022	Change	%
<b>Revenue</b>								
Revenue from sale of real estate	519.63	475.89	43.74	9.19	1,263.68	1,654.73	(391.05)	(23.63)
Other income	17.25	19.89	(2.65)	(13.32)	37.19	37.02	0.16	0.43
<b>Total Revenue</b>	<b>536.87</b>	<b>495.78</b>	<b>41.09</b>	<b>8.29</b>	<b>1,300.87</b>	<b>1,691.75</b>	<b>(390.89)</b>	<b>(23.11)</b>
<b>Expenses</b>								
Cost of real estate sold	359.54	356.30	3.24	0.91	901.16	1,199.39	(298.23)	(24.87)
Selling expenses	87.25	65.20	22.05	33.82	186.15	187.48	(1.33)	(0.71)
Administrative expenses	53.41	50.66	2.75	5.43	143.09	137.84	5.25	3.81
<b>Total Expenses</b>	<b>500.20</b>	<b>472.16</b>	<b>28.04</b>	<b>5.94</b>	<b>1,230.40</b>	<b>1,524.71</b>	<b>(294.31)</b>	<b>(19.30)</b>
<b>Profit before share of profit (loss) from investments in joint venture and associate, finance costs and tax expenses</b>	<b>36.67</b>	<b>23.62</b>	<b>13.06</b>	<b>55.29</b>	<b>70.47</b>	<b>167.04</b>	<b>(96.57)</b>	<b>(57.81)</b>
Share of profit (loss) from investment in joint venture	(0.40)	(1.78)	(1.38)	(77.53)	(3.09)	1.50	4.59	(306.00)
Share of loss from investments in associates	-	(0.06)	(0.05)	(83.33)	(0.09)	(1.11)	(1.01)	(90.99)
<b>Profit before finance income, finance costs and income tax</b>	<b>36.27</b>	<b>21.78</b>	<b>14.48</b>	<b>66.48</b>	<b>67.29</b>	<b>167.43</b>	<b>(100.15)</b>	<b>(59.82)</b>
Finance costs	(24.33)	(11.06)	13.27	119.98	(84.77)	(32.76)	52.01	158.76
<b>Profit (loss) before income tax</b>	<b>11.94</b>	<b>10.73</b>	<b>1.21</b>	<b>11.28</b>	<b>(17.48)</b>	<b>134.68</b>	<b>(152.16)</b>	<b>(112.98)</b>
Income tax revenue (expenses)	2.07	(2.75)	(4.82)	175.27	0.95	(30.36)	(31.31)	103.13
<b>Profit (loss) from operation</b>	<b>14.02</b>	<b>7.98</b>	<b>6.04</b>	<b>75.69</b>	<b>(16.53)</b>	<b>104.31</b>	<b>(120.84)</b>	<b>(115.85)</b>
Comprehensive income for the period	-	-	-	-	1.11	4.09	(2.97)	(72.62)
<b>Profit (loss) for the period</b>	<b>14.02</b>	<b>7.98</b>	<b>6.04</b>	<b>75.69</b>	<b>(15.41)</b>	<b>108.40</b>	<b>(123.81)</b>	<b>(114.22)</b>

Gross Profit Margin from sales of real estate (%)	30.81%	25.13%
Net profit (loss) (%)	2.61%	1.61%

28.69%	27.52%
-1.18%	6.41%

## Operating Income

### 1. Real estate sales revenue

(Unit: Million Baht)

Revenue from sale of real estate	For the 9 months			
	2023	2022	Change	%
Condominiums	853.97	1,072.78	(218.81)	(20.40)
Townhomes/Home offices	203.15	280.11	(76.96)	(27.47)
Single-detached houses	173.68	282.70	(109.02)	(38.56)
Reneue	32.88	19.14	13.74	71.79
<b>Total</b>	<b>1,263.68</b>	<b>1,654.73</b>	<b>(391.05)</b>	<b>(23.63)</b>

Revenue from sale of real estate	For the 3 months			
	2023	2022	Change	%
Condominiums	349.86	303.05	46.81	15.45
Townhomes/Home offices	60.76	114.48	(53.72)	(46.93)
Single-detached houses	92.01	44.80	(47.21)	105.40
Reneue	17.00	13.56	3.44	100.00
<b>Total</b>	<b>519.63</b>	<b>475.89</b>	<b>43.74</b>	<b>9.19</b>

For the 9-month period, the company generated revenue of 1,263.68 million Baht from real estate sales, accounting for 97.14% of the total revenue. This represents a decrease from the same quarter of the previous year, which had revenue of 391.05 million Baht, indicating a decrease of 23.63%.

For the third quarter of 2023, the company earned 519.63 million Baht from real estate sales, making up 96.79% of the total revenue. This shows an increase from the corresponding quarter of the previous year, where the revenue was 43.74 million Baht, indicating an increase of 9.19%.

These figures are divided as follows:

#### - **Income from condominium projects**

Revenue from condominium projects for the 9-month period amounted to 853.98 million Baht, accounting for 67.58% of the total revenue from real estate sales. This represents a decrease from the same quarter of the previous year, where the revenue was 218.81 million Baht, indicating a decrease of 20.40%.

As for the performance in the 3-month period, revenue reached 349.86 million Baht, making up 67.33% of the total revenue from real estate sales. This is an increase from the previous year, where the revenue was

46.81 million Baht, indicating an increase of 15.45%. The main factor behind this increase is largely attributed to Chewathai Hallmark Ladprao - Chokchai 4 Phase 2.

- **Income from low-rise projects** divided into townhomes/home offices projects amounted to 203.15 million Baht, or 29.82% of the total revenue from real estate sales. This represents a decrease from the same quarter of the previous year, where the revenue was 76.96 million Baht, indicating a decrease of 27.47%. And overall, there are no new projects launched, resulting in a decrease in overall revenue. Including the ongoing economic recovery, which is still not very robust, prices are increasing, affecting the purchasing power of customers. This is due to the household debt ratio being higher than 90% of the gross domestic product (GDP), resulting in many customers carrying heavy debt burdens and being unable to obtain loans.

For the 3-month performance, it is divided into townhomes/commercial buildings with revenue of 60.76 million Baht and single-house projects with revenue of 92.01 million Baht, totaling 152.77 million Baht, or 29.40% of the total revenue from real estate sales. The townhomes/home offices segment decreased from the previous year, where the revenue was 53.72 million Baht, indicating a decrease of 46.93%. 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 increased by 47.21 million Baht or 105.40%. This increase is mainly attributed to the Chewarom Nakorn-in and Chewawan Pinklao - Sathorn projects, which saw an increase in property rights transfers.

- **Income from Renue projects**, for the second-hand home or Renue project, the revenue for the third quarter has increased by 32.88 million baht compared to the same quarter of the previous year, or 2.60% 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 37.19 million baht, or 2.86% of total revenue. Other incomes consist of the revenue from management, rental asset and, interest income. For the third quarter of 2023, the company had other revenues that increased by 0.16 million Baht for the 9-month period, resulting in an increase of 0.43% compared to the same period. Additionally, for the 3-month performance, there was a decrease of 2.65 million Baht, accounting for a proportion of 13.32% compared to the corresponding 3-month period of the previous year.

### Cost of sales and gross profit

For the third quarter of 2023, the Company had cost of real estate sales of 901.16 million baht or 69.27% of total revenue, there was a decrease of 298.23 million baht from the previous year or 24.87%. As for the 3-month period, the revenue amounted to 359.54 million Baht, representing 66.97% of the total revenue. This indicates an increase of 3.24 million Baht, which corresponds to an increase rate of 0.91% when compared to the same quarter of the previous year.

For the 9-month period and the 3-month period, the initial profit from real estate sales was 362.52 million Baht and 160.09 million Baht, respectively. For the 3-month period in the third quarter of 2023, the initial profit increased by 160.09 million Baht with an increase of 40.50 million Baht compared to the same quarter of the previous year. The initial profit rates from real estate sales for the 9-month and 3-month periods are 28.69% and 30.81%, respectively.

### Selling and administrative expenses

The company had a rate of selling and administrative expenses to total revenue (SG&A) for the 9-month period, the amount was 329.24 million Baht, increasing by 3.92 million Baht or 1.20%. And for the 3-month period, there was an increase of 24.80 million Baht, which is 21.41% 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") and the Company's investment with 70% shares in Chewa Work Industrial Company Limited ("CWI"). Thus, the Company had a recognition of share of loss from investment in joint venture amounted to 3.09 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 third quarter of 2023, both the company and its subsidiaries incurred a net loss from operations for the 3-month period amounting to 14.02 million Baht. The net profit increased from the same quarter of the previous year, which was 6.04 million Baht, representing an increase rate of 75.69%.

Additionally, there was a net loss from operations for the 9-month period, amounting to 15.42 million Baht. This reflects a decrease of 123.82 million Baht compared to the same period of the previous year, indicating a decrease rate of 114.23%.

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

(Unit: million baht)

Financial Statement	30 Sep 23	31 Dec 22	Change	%
<b>Total Asset</b>	6,172.56	6,312.42	(139.89)	(2.22)
<b>Total Payables</b>	4,219.40	4,321.55	(102.15)	(2.36)
<b>Shareholder's Equity</b>	1,953.15	1,990.87	(37.72)	(1.89)

## Total Asset

On September 30, 2023, the company had total assets of 6,172.56 million Baht, which decreased from the previous year by 139.89 million Baht or a decrease of 2.22%. 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 62 million Baht.

## Total liabilities

On September 30, 2023, the company had total liabilities of 4,219.40 million Baht, which decreased from the previous year by 102.15 million Baht or a decrease of 2.36%. 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 September 2023 at the rate of 2.16 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 September 30, 2023 was 1,953.15 million baht, decreased from the previous year by 37.72 million baht or 1.89%. 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