



Chayo Group Public Company Limited

44/543-544 Phahonyothin Rd, Khwaeng Anusawari, Khet Bang Khen, BKK. 10220

- Translation -

CGC097/2566

10 November 2023

Subject: Management Discussion and Analysis for the third quarter of 2023 ended 30 September 2023

To: The President
The Stock Exchange of Thailand

Chayo Group Public Company Limited would like to report the operation results for the third quarter ended 30 September 2023 of the company and its subsidiaries ("the Company") as follows:

Operating results

	Consolidated (3 months)				Consolidated (9 months)			
	Jul - Sep 2022	%	Jul - Sep 2023	%	Jan - Sep 2022	%	Jan - Sep 2023	%
Interest Income from loan to non-performing assets	224,471,062	88.4%	335,164,826	89.0%	625,281,522	89.2%	963,559,374	89.3%
Service income from debt collection services	9,011,857	3.5%	8,553,779	2.3%	25,234,558	3.6%	27,395,916	2.5%
Interest Income from lending business	20,374,132	8.0%	28,049,037	7.5%	50,190,801	7.2%	75,763,957	7.0%
Revenue from recruitment service	-	0.0%	4,662,360	1.2%	-	0.0%	12,610,637	1.2%
Revenue from Sales	-	0.0%	-	0.0%	7,244	0.0%	-	0.0%
Total income	253,857,051	100.0%	376,430,002	100.0%	700,714,125	100.0%	1,079,329,884	100.0%
Costs of render services & managing non-performing assets	(68,487,576)	-27.0%	(78,570,564)	-20.9%	(175,344,839)	-25.0%	(189,680,570)	-17.6%
Costs of recruitment service	-	0.0%	(2,017,606)	-0.5%	-	0.0%	(5,438,488)	-0.5%
Costs of goods sold	-	0.0%	-	0.0%	(6,408)	0.0%	-	0.0%
Gross profit	185,369,475	73.0%	295,841,832	78.6%	525,362,878	75.0%	884,210,826	81.9%
Other incomes	1,044,005	0.4%	2,699,241	0.7%	4,356,036	0.6%	7,240,937	0.7%
Gain on disposal of foreclosed assets	4,863,444	1.9%	11,877,343	3.2%	21,633,711	3.1%	32,529,038	3.0%
Administrative expenses	(19,384,809)	-7.6%	(26,483,668)	-7.0%	(63,524,599)	-9.1%	(80,832,381)	-7.5%
Expected credit loss	(66,815,625)	-26.3%	(106,915,725)	-28.4%	(147,104,374)	-21.0%	(273,907,115)	-25.4%
Finance costs	(50,305,851)	-19.8%	(65,313,895)	-17.4%	(111,721,952)	-15.9%	(178,916,594)	-16.6%
Profit before income tax	54,770,639	21.6%	111,705,128	29.7%	229,001,700	32.7%	390,324,711	36.2%
Income tax (expenses)	(12,031,100)	-4.7%	(24,619,045)	-6.5%	(48,753,050)	-7.0%	(82,176,033)	-7.6%
Net profit for the period	42,739,539	16.8%	87,086,083	23.1%	180,248,650	25.7%	308,148,678	28.5%
Other comprehensive income for the period, net of tax	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total comprehensive income for the period	42,739,539	16.8%	87,086,083	23.1%	180,248,650	25.7%	308,148,678	28.5%
Total comprehensive income attributable to:								
Owners of the parent	35,934,183	14.2%	75,591,991	20.1%	164,982,849	23.5%	271,218,620	25.1%
Non-controlling interest	6,805,356	2.7%	11,494,092	3.1%	15,265,801	2.2%	36,930,058	3.4%
Total comprehensive income for the period	42,739,539	16.8%	87,086,083	23.1%	180,248,650	25.7%	308,148,678	28.5%
Earnings per share	0.0316	n/a	0.0665	n/a	0.1464	n/a	0.2385	n/a

■ Total Income

In the third quarter of 2023, the Company had a total income of Baht 376.43 million which increase from last period around Baht 122.57 million (or increased around 48.20%). The reasons for the increment mainly arose from the increment of interest income from loan to non-performing assets and interest income from lending business around Baht 110.69 million and Baht 7.67 million respectively.



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- Translation -

For the nine-month period of the year 2023, the total income of the Company increased from the same period last year around Baht 378.62 million (or increased around 54.03%). The reasons for the increment mainly arise from the increment of the interest income from loans to non-performance assets around Baht 338.28 million (please see the details below) and the increment of revenue of other business as follows;

■ Income from Loans to Non-performing Assets

In the nine-month period of 2023, the Company had cash collection from unsecured loan and income from selling collateral of secured loan around Baht 302.48 million which increased from the same period last year around Baht 68.10 million (or increase around 29.00%). The cash collection from unsecured loan has increase continuously from end of the year 2021 throughout the year 2022. This is because the Company bought more unsecured loans to manage. As a result, for the nine-month period of 2023, the Company has more income compare with the same period last year. The following are the details;

	For the 9 months period ended 30 September 2023		For the 9 months period ended 30 September 2022	
	Million Baht	%	Million Baht	%
Interest income – EIR (Effective interest rate)	720.64	74.70%	438.24	70.09%
Interest income over EIR	242.92	25.30%	187.03	29.91%
Total interest income	963.56	100%	625.28	100%
Cash Collection and income from selling collateral	302.48	100.00%	234.36	100.00%
- Unsecured loan	281.17	92.90%	210.14	89.66%
- Secured loan	21.31	7.10%	24.22	10.34%
Cash received from selling foreclosed asset	83.16	-	99.69	-

■ Services Income from Debt Collection Service

In the third quarter of 2023, the Company had services income around Baht 8.55 million which slightly decreased from the third quarter of 2022 around Baht 0.46 million (or decreased around 5.10%). For the nine-month period of the year 2023, the Company had services income of Baht 27.39 million which increased from the same period last year around Baht 2.16 million (or increase around 8.56%) This is because the increasing of works from collection business.



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- Translation -

■ Interest Income from Lending Business

In the third quarter of 2023, the Company recorded interest income from lending business around Baht 28.05 million which increased compared the same quarter last year amounted to Baht 7.67 million (or increased around 37.67%). For the nine-month period of the year 2023, the Company had interest income from lending business of Baht 75.76 million which increase from the same period last year around Baht 25.57 million (or increased around 50.95%). This is because in this year the Company lending the money to the customers more than last year. The Outstanding loan as at 30 September 2023 and 2022 was at Baht 861.66 million and at Baht 593.39 million respectively.

■ Revenue from recruitment service

In the third quarter of 2023, the Company recorded revenue from recruitment service amounted to Baht 4.66 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 third quarter of 2023, the Company recorded cost of rendering services around Baht 78.57 million which increased from the same period last year amounted to Baht 10.08 million (or increased around 14.72%). For the nine-month period of the year 2023, the Company had cost of rendering services of Baht 189.68 million which increased from the same period last year around Baht 14.33 million (or increased around 8.18%). This is because in this year the Company has more legal costs than last year and the Company has more salary and other benefits than last year (which in line with the growth of the Company).

Cost of recruitment service

In the third quarter of 2023, the Company recorded costs of recruitment service around Baht 2.02 million which equivalent to 43.27% of total incomes. The major cots of recruitment service were salary and welfare of operation staffs.

Gross Profit

In the third quarter of 2023, the Company had gross profit of Baht 295.84 million (equivalent to 78.59% of total incomes) which increased from the same period last year around Baht 110.47 million. For the nine-month period of 2023, the Company had gross profit of Baht 884.21 million (equivalents to 81.92% of total incomes) which increased from the same period last year around Baht 358.85 million (or increased around 68.30%). The reasons for the increment mainly around from the increment of Interest Income from loan to non-performing assets, the increment of interest Income from lending business and the increment of revenue from recruitment service.



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- Translation -

Other Income

Other income mainly represents interest income and rental income. For the third quarter of 2023, the Company had other income around Baht 2.70 million which increased from the third quarter of 2022 around Baht 1.66 million. For the nine-month period of 2023, the Company had other income around Baht 7.24 million which increased from the nine-month period of 2022 around Baht 2.88 million. The reason for the increment mainly around from the increment of interest income from bank.

Gains on disposal of foreclosed assets

In the third quarter of 2023, the Company had gain on disposal of foreclosed assets around to Baht 11.87 million which increased from the third quarter of 2022 around Baht 7.01 million. For the nine-month period of 2023, the Company had gains on disposal of foreclosed assets around Baht 32.53 million which increased from the same period last year around Baht 10.90 million. This is because the Company can sell the NPAs more than the last period. (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 third quarter of 2023, the Company had administrative expenses around Baht 26.48 million which increased from the third quarter last year amounted to Baht 7.10 million. For the nine-month period of 2023, the Company had administrative expenses around Baht 80.83 million which increased from the same period last year around Baht 17.31 million. The main reasons for the increment were salary and other benefits of employee, and professional fee for IPO of subsidiary company.

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 third quarter of 2023 was around Baht 106.92 million which increased from the same period last year around Baht 40.10 million. For the nine-month period of 2023, the Company has expected credit loss around Baht 273.91 million which increased from the same period last year amounted to Baht 126.80 million. This is because the increasing of unsecured port around the end of the year 2022. Therefore, for the first nine month of 2023, the Company had more expected credit loss.



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- Translation -

Finance Cost

Finance cost for the third quarter of 2023 and the nine-month period of 2023 increased around Baht 15.00 million and Baht 67.19 million respectively (compare with the same period last year). The reason for the increment mainly arose from the increment of loans that the Company borrows for investing in non-performing assets and lending business.

Income Tax Expenses

The income tax expense in the third quarter of 2023 and the nine-month period of 2023 increased from last period Baht 12.59 million and Baht 33.42 million. The income tax expenses was increased which in line with the increment of net profit before tax.

Net Profit

The net profit for the third quarter of 2023 was at Baht 87.09 million which increased from the same period last year around Baht 44.35 million (or increased around 103.76%). For the nine-month period of 2023, the Company had net profit of Baht 308.15 million which increased from the same period last year around Baht 127.90 million (or increase around 70.96%). The reasons for the increment in net profit mainly arose from the increment of income and gain on disposal foreclosed asset.

Financial position

Total Assets

As at 30 September 2023, the Company had total assets of Baht 8,644.32 million which increased from the end of year the year 2022 around Baht 1,440.95 million (or increased around 20.00%). The reasons for the increment mainly arose from;

- The increment of loan receivable (net) around Baht 214.25 million and,
- The increment of loan for non-performing asset around Baht 1,076.82 million and,
- The increment of Deposit for purchasing loans to non-performing assets around Baht 96.71 million
- The increment of NPAs around Baht 28.89 million
- The increment of Account Receivable and others account receivable around Baht 22.33 million and
- The decrement of cash and cash equivalent around Baht 28.77



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- Translation -

Total Liabilities

Total liabilities as at 30 September 2023 was Baht 4,472.77 million which increased from the last year around Baht 1,119.90 million. The reasons for the increment mainly arose from;

- The increment of debenture around Baht 997.65 million and,
- The increment of loan from bank around Baht 60.76 million and,
- The increment of deferred tax liabilities around Baht 75.56 million and
- The decrement of other current liabilities around Baht 6.14 million.

Total Shareholders' Equities

Total shareholders' equity as of 30 September 2023 was at Baht 4,171.55 million which increased from the last year around Baht 321.05 million. The reasons for the increment mainly arose from

- The increment of unappropriated retained earnings around Baht 241.79 million (from the increment of net profit Baht 308.15 and from the reduction of the dividend payment during the year).
- The increment of Non-Controlling interest around Baht 51.22 million.
- The increment of share capital around Baht 24.25 million

Debt to Equity ratio (Interest bearing)

- The Debt to Equity ratio (Interest bearing) of the Company as at 30 September 2023 was at 1.00.

Sincerely Yours,

(Mr.Kitti Tungswong)

Deputy Chief Executive Officer