

**Subject:** Explanation and analysis of the management for the year ended 31 December 2023

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

### **Performance result overview**

Overview of the real estate market in Thailand for the fourth quarter of the year 2023 shows a consistently improving trend, largely attributed to the government's extension of measures to reduce transfer fees and mortgage registration fees for another year until 31 December 2024. These measures have significantly stimulated residential property purchases. Another key factor is the adjustment of credit control measures for residential mortgages by the Bank of Thailand to facilitate easier homeownership, thereby alleviating necessary expenses for home buying. Under these adjustments, borrowers can obtain an additional 10% of the collateral value, with lower interest rates compared to unsecured loans, for properties valued at no more than 10 million Baht. These initiatives have notably stimulated the recovery of the real estate sector. However, there remain some potential risks such as fluctuating interest rates due to economic conditions, increasing non-performing loans and credit bureaus, leading financial institutions to delay releasing more housing loans, particularly for customers with loans not exceeding 3 million Baht. This directly impacts purchasing power in the middle and lower segments for residential loans, consequently affecting companies and resulting in delayed transfers.

However, Chewathai has plans to develop projects both horizontally and vertically across various target groups. In the fourth quarter of 2023, the company launched a new horizontal project, "Chewarom New Ratchaphruek" which received consistent interest from potential clients. Consequently, there was a continuous increase in project reservations towards the end of the fourth quarter of 2023, with transfers scheduled to take place in early 2024. Additionally, ongoing transfers of other projects, both horizontal and vertical, indicate a positive trajectory toward meeting our operational objectives. Furthermore, there remains a focus on advancing online marketing efforts across all platforms to adapt to evolving lifestyles. Furthermore, we maintain a strong focus on addressing consumer needs comprehensively, which includes delivering genuine customer service and attentively considering individual preferences. We recognize that each customer possesses unique product requirements and prioritize post-sales services to ensure maximum satisfaction.

In terms of cost management policies and expenditures, maintaining cost-effectiveness remains a top priority for the company. This includes a focus on principles of Environmental, Social, and Governance (ESG) to align with our management practices. On the environmental front, the company continues its ongoing "CHEWA Goes Green" initiative to raise awareness, promote energy and resource conservation, implement proper waste segregation, and enhance the value of waste through upcycling processes. These efforts not only contribute to environmental sustainability but also help reduce certain company expenses. Regarding social aspects, providing employee welfare benefits, fostering good relationships, and creating avenues for open communication between employees and management through programs like "Boon Ror Fung". It also serves as a channel to report concerns and suggestions, thereby mitigating risks associated with corporate corruption. Additionally, continuous employee development contributes to product quality enhancement and organizational growth, ensuring long-term stability and efficiency in business operations.

Chewathai Public Company Limited (Chewa) would like to inform the operating result for the year ended 31 December 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 year			
	2023	2022	Change	%
<b>Revenue</b>				
Revenue from sale of real estate	1,854.11	2,101.08	(246.97)	(11.75)
Other income	44.92	47.04	(2.13)	(4.53)
<b>Total Revenue</b>	<b>1,899.03</b>	<b>2,148.12</b>	<b>(249.10)</b>	<b>(11.60)</b>
<b>Expenses</b>				
Cost of real estate sold	1,331.44	1,480.55	(149.11)	(10.07)
Selling expenses	303.39	247.10	56.29	22.78
Administrative expenses	231.09	185.38	45.71	24.66
<b>Total Expenses</b>	<b>1,865.92</b>	<b>1,913.03</b>	<b>(47.11)</b>	<b>(2.46)</b>
<b>Profit before share of profit (loss) from investments in joint venture and associate, finance costs and tax expenses</b>	<b>33.11</b>	<b>235.09</b>	<b>(201.98)</b>	<b>(85.92)</b>
Share of profit (loss) from investment in joint venture	(5.94)	(0.40)	5.54	1,385.00
Share of loss from investments in associates	(0.12)	(1.16)	(1.03)	(88.79)
<b>Profit before finance income, finance costs and income tax</b>	<b>27.05</b>	<b>233.53</b>	<b>(206.49)</b>	<b>(88.42)</b>
Finance costs	(104.16)	(84.49)	19.67	23.28
<b>Profit (loss) before income tax</b>	<b>(77.11)</b>	<b>149.05</b>	<b>(226.16)</b>	<b>(151.73)</b>
Income tax revenue (expenses)	8.00	(33.61)	(41.61)	123.80
<b>Profit (loss) from operation</b>	<b>(69.11)</b>	<b>115.43</b>	<b>(184.54)</b>	<b>(159.87)</b>
<b>Comprehensive income for the period</b>	<b>1.10</b>	<b>4.09</b>	<b>(2.98)</b>	<b>(72.86)</b>
<b>Profit (loss) for the period</b>	<b>(68.01)</b>	<b>119.52</b>	<b>(187.52)</b>	<b>(156.89)</b>

Gross Profit Margin from sales of real estate (%)	28.19%	29.53%
Net profit (loss) (%)	-3.58%	5.56%

## Operating Income

### 1. Real estate sales revenue

(Unit: Million Baht)

Revenue from sale of real estate	For the year			
	2023	2022	Change	%
Condominiums	1,216.46	1,347.57	(131.11)	(9.72)
Townhomes/Home offices	281.50	352.94	(71.44)	(20.24)
Single-detached houses	307.83	377.66	(69.83)	(18.49)
Renue	48.32	22.91	25.41	110.91
<b>Total</b>	<b>1,854.11</b>	<b>2,101.08</b>	<b>(246.97)</b>	<b>(11.75)</b>

For the year 2023, the company generated revenue of 1,854.11 million Baht from real estate sales, accounting for 97.63% of the total revenue. A decrease of 246.97 million baht from the previous year, or a decrease of 11.75%.

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

Revenue from condominium projects for the year 2023 amounted to 1,216.46 million Baht, accounting for 65.61% of the total revenue from real estate sales. A decrease of 131.11 million Baht from the previous year, or a decrease of 9.72%.

#### - **Income from low-rise projects**

Revenue from townhomes/home offices projects for the year 2023 amounted to 589.33 million Baht, accounting for 31.89% of the total revenue from real estate sales. A decrease of 141.27 million Baht from the previous year, or a decrease of 38.73% This decline can be attributed to the absence of new project launches, resulting in an overall reduction in revenue. Additionally, the sluggish economic recovery contributed to higher prices, impacting customer purchasing power. This was further intensified by a high household debt-to-GDP ratio of over 90%, leading to difficulties for many customers with significant debt burdens and challenges in obtaining loans.

#### - **Income from Renue projects**

Revenue from the second-hand residential or Renue project, the revenue for the year has increased by 25.41 million Baht compared to the previous year, or 2.61% of the total revenue from real estate sales. The project launches 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, as evidenced by the increase in transfer rate.

## 2. Other Income

The company has other income of 44.92 million Baht, or 2.37% of total revenue. Other income includes a profit from the sale of land in Rayong to joint venture companies, amounting to 16.30 million Baht, among others.

### Cost of sales and gross profit

For the year 2023, the Company has cost of real estate sales of 1,331.44 million Baht or 70.86% of total revenue, a decrease of 149.11 million Baht or 10.07% from the previous year.

For the year 2023, the gross profit from real estate sales was 28.19%, a decrease of 97.86 million Baht or 15.77% from the previous year. A decrease in proportion to the decrease in revenue from sales.

### Selling and administrative expenses

The company had a Selling, General, and Administrative Expenses (SG&A) rate for the year 2023 at 28.45%, which increased by 102 million baht, or 23.58%, in proportion to total revenue.

### Share profit (loss) from investment in joint ventures and associates

The significant changes in the investment account of the subsidiary companies are as follows:

#### Investment in Subsidiary Company:

On 11 September 2023, a resolution was approved to establish a new subsidiary company, "Chewathai Estate Company Limited", registered on 13 September 2566, with a registered capital of 1 million Baht, consisting of 10,000 shares at 100 Baht per share, with a shareholding ratio of 100 percent.

Subsequently, on 16 January 2024, a resolution was approved for joint venturing, resulting in a change in the investment project's shareholding ratio from 100 percent to 51 percent.

#### Investment in Joint Venture Company:

On 10 August 2566, a resolution was approved to establish a new joint venture company, "Chewa Work Industrial Company Limited", registered on 19 September 2566, with a registered capital of 5 million Baht, consisting of 50,000 shares at 100 Baht per share. The shareholding ratio held under the subsidiary of the company (Chewa Renew Company Limited) was 70 to 30.

- 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 amounting to 5.94 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 year 2023, both the company and its subsidiaries incurred a net loss from operations for the year amounting to 69.11 million Baht. The company has profit from the actuarial valuation amounting to 1.10 million Baht, resulting in a net loss of 68.01 million baht for the period. The net loss increased from the previous year by 187.53 million Baht or by 156.89%.

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

(Unit: million Baht)

Financial Statement	31 Dec 23	31 Dec 22	Change	%
<b>Total Asset</b>	5,906.43	6,312.42	(405.99)	(6.43)
<b>Total Payables</b>	4,005.85	4,321.55	(315.70)	(7.31)
<b>Shareholder's Equity</b>	1,900.58	1,990.87	(90.29)	(4.54)

### Total Asset

On 31 December 2023, the company had total assets of 5,906.43 million Baht, which decreased from the previous year by 405.99 million Baht or a decrease of 6.43%. This change is mainly due to a reduction 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 and using them as collateral for public utility bond guarantees, resulting in a net decrease in cash of approximately 80 million Baht.

### Total liabilities

On 31 December 2023, the company had total liabilities of 4,005.85 million Baht, which decreased from the previous year by 315.70 million Baht or a decrease of 7.31%. This reduction is attributed to the

company repaying short-term loans from financial institutions and advance payments from customers with interest obligations.

Debt to Equity Ratio (D/E) according to the financial statements as of 31 December 2023 at the rate of 2.11 times, as of 31 December 2022 at the rate of 2.16 times, according to the conditions as specified by the bank

**Shareholder's Equity**

The shareholders' equity as of 31 December 2023 was 1,900.58 million Baht, decreased from the previous year by 90.29 million Baht or 4.54%. Due to operational losses in 2023.

**Other****Auditor's Report**

Based on Audit review, the financial statements present fairly, in all material respects, the financial position of Chewathai Public Company Limited and its subsidiaries and of Chewathai Public Company Limited as at 31 December 2023, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

For your information.

Best regards,

(Mr. Boon Choon Kiat)

Managing Director