

# Chayo Group Public Company Limited

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

- Translation -

CGC 028/2024

10 May 2024

Subject: Management Discussion and Analysis for the three-month periods ended 31 March 2024

To: The President  
The Stock Exchange of Thailand

Chayo Group Public Company Limited would like to report the operation results for the three-month periods ended 31 March 2024 of the company and its subsidiaries ("the Company") as follows:

## Operating results

	Company's Only (3 months)				Consolidated (3 months)			
	Jan - Mar 2023	%	Jan - Mar 2024	%	Jan - Mar 2023	%	Jan - Mar 2024	%
Interest Income from loan to non-performing assets	44,588,034	88.6%	48,267,313	89.4%	316,910,538	90.8%	444,292,192	90.1%
Service income from debt collection services	5,733,225	11.4%	5,735,597	10.6%	8,826,231	2.5%	6,991,402	1.4%
Interest Income from lending business	-	0.0%	-	0.0%	21,391,491	6.1%	37,235,561	7.6%
Revenue from recruitment service	-	0.0%	-	0.0%	2,009,553	0.6%	4,652,119	0.9%
<b>Total income</b>	<b>50,321,259</b>	<b>100.0%</b>	<b>54,002,910</b>	<b>100.0%</b>	<b>349,137,813</b>	<b>100.0%</b>	<b>493,171,274</b>	<b>100.0%</b>
<b>Costs of render services &amp; managing non-performing assets</b>	<b>(12,633,299)</b>	<b>-25.1%</b>	<b>(9,520,775)</b>	<b>-17.6%</b>	<b>(54,586,504)</b>	<b>-15.6%</b>	<b>(73,075,403)</b>	<b>-14.8%</b>
<b>Costs of recruitment service</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>0.0%</b>	<b>(820,571)</b>	<b>-0.2%</b>	<b>(2,363,749)</b>	<b>-0.5%</b>
<b>Costs of goods sold</b>	<b>(12,633,299)</b>	<b>-25.1%</b>	<b>(9,520,775)</b>	<b>-17.6%</b>	<b>(55,407,075)</b>	<b>-15.9%</b>	<b>(75,439,152)</b>	<b>-15.3%</b>
<b>Gross profit</b>	<b>37,687,960</b>	<b>74.9%</b>	<b>44,482,135</b>	<b>82.4%</b>	<b>293,730,738</b>	<b>84.1%</b>	<b>417,732,122</b>	<b>84.7%</b>
Other incomes	57,367,080	114.0%	78,206,809	144.8%	839,176	0.2%	1,494,053	0.3%
Gain on disposal of foreclosed assets	-	0.0%	-	0.0%	9,245,034	2.6%	11,320,514	2.3%
Administrative expenses	(16,186,601)	-32.2%	(13,586,106)	-25.2%	(23,845,826)	-6.8%	(30,797,890)	-6.2%
Expected credit loss	(27,545,373)	-54.7%	(84,671,447)	-156.8%	(82,954,261)	-23.8%	(264,987,722)	-53.7%
Finance costs	(47,383,198)	-94.2%	(68,429,710)	-126.7%	(48,834,266)	-14.0%	(75,865,433)	-15.4%
<b>Profit before income tax</b>	<b>3,939,868</b>	<b>7.8%</b>	<b>(43,998,319)</b>	<b>-81.5%</b>	<b>148,180,595</b>	<b>42.4%</b>	<b>58,895,644</b>	<b>11.9%</b>
Income tax (expenses)	(304,934)	-0.6%	8,664,362	16.0%	(29,899,046)	-8.6%	(16,448,673)	-3.3%
<b>Net profit for the period</b>	<b>3,634,934</b>	<b>7.2%</b>	<b>(35,333,957)</b>	<b>-65.4%</b>	<b>118,281,549</b>	<b>33.9%</b>	<b>42,446,971</b>	<b>8.6%</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>0.0%</b>
<b>Total comprehensive income for the period</b>	<b>3,634,934</b>	<b>7.2%</b>	<b>(35,333,957)</b>	<b>-65.4%</b>	<b>118,281,549</b>	<b>33.9%</b>	<b>42,446,971</b>	<b>8.6%</b>
<b>Total comprehensive income attributable to:</b>								
<b>Owners of the parent</b>	3,634,934	7.2%	(35,333,957)	-65.4%	103,841,281	29.7%	3,192,609	0.6%
<b>Non-controlling interest</b>	-	0.0%	-	0.0%	14,440,268	4.1%	39,254,362	8.0%
<b>Total comprehensive income for the period</b>	<b>3,634,934</b>	<b>7.2%</b>	<b>(35,333,957)</b>	<b>-65.4%</b>	<b>118,281,549</b>	<b>33.9%</b>	<b>42,446,971</b>	<b>8.6%</b>

### ■ Total Income

In the first quarter of 2024, the Company had a total income of Baht 493.17 million which increased from the first quarter of 2023 around Baht 144.03 million (or increased around 41.25%). The reasons for the increment

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mainly arose from the increment of interest income from loan to non-performing assets and interest income from lending business around Baht 127.38 million and Baht 15.84 million respectively.

### Income from Loans to Non-performing Assets

In the first quarter of 2024, the Company had cash collection from unsecured loans and income from selling collaterals of secured loan around Baht 142.20 million which increased from the first quarter of 2023 around Baht 42.64 million (or increase around 42.83%). The cash collection from unsecured loan has increased continuously. This is because the Company purchase unsecured loans to manage continuously. As a result, for the first quarter of 2024, the Company has more income compare with the first quarter of 2023. The following are the details;

	For the 3 months period ended 31 March 2024		For the 3 months period ended 31 March 2023	
	Million Baht	Million Baht	Million Baht	%
Interest income – EIR (Effective interest rate)	333.46	75.05	230.42	70.24%
Interest income over EIR	110.83	24.95	86.51	29.76%
<b>Total interest income</b>	<b>444.29</b>	<b>100%</b>	<b>316.93</b>	<b>100%</b>
Cash Collection and income from selling collateral	147.17	100.00%	105.10	100.00%
- Unsecured loan	142.20	96.50	99.56	86.88%
- Secured loan	4.97	3.50	5.54	13.12%
Cash received from selling foreclosed asset	38.90	-	24.82	-
Cash received from Legal Execution Department	14.36	-	1.09	

### ■ Services Income from Debt Collection Service

In the first quarter of 2024, the Company had services income around Baht 6.99 million which decreased from the first quarter of 2023 around Baht 1.83 million (or decreased around 20.79%). This is because the company focusing on collection on the purchased ports by assigned the staffs to work on own portfolios. Therefore, the service income from third parties decreased from the first quarter of 2023.

### ■ Interest Income from Lending Business

In the first quarter of 2024, the Company recorded interest income from lending business around Baht 37.24 million which increased from the first quarter of 2023 around Baht 15.84 million (or increased around 74.07%). This is because the Company has lent the money to the customers more than the first quarter of 2023. The

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Outstanding loan as at 31 March 2024 and 31 March 2023 was at Baht 1,086.82 million and at Baht 668.56 million respectively.

### ■ Revenue from recruitment service

In the first quarter of 2024, the Company recorded revenue from recruitment service of Baht 4.65 million which increased from the first quarter of 2023 around Baht 2.64 million (or increased around 131.50%). This is because the company started this business in March 2023. Therefore, in this quarter of 2024 the Company had more income from the first quarter of 2023.

### Cost of rendering services and managing non-performing assets

In the first quarter of 2024, the Company recorded cost of rendering services around Baht 73.08 million which increased from the first quarter of 2023 around Baht 18.49 million (or increased around 33.42%). This is because in this year the Company had more legal costs, more salary and other benefits than the first quarter of 2023 (which in line with the growth of the Company).

### Cost of recruitment service

In the first quarter of 2024, the Company recorded costs of recruitment service around Baht 2.36 million which equivalent to 50.81% of its incomes. The major costs of recruitment service were salary and welfare of operation staffs.

### Gross Profit

In the first quarter of 2024, the Company had gross profit of Baht 417.73 million (equivalent to 84.70% of total incomes) which increased from the first quarter of 2023 around Baht 124.00 million. The reasons for the increment mainly arose from the increment in Gross Profit from managing NPLs business and the increment of Gross Profit from lending business.

### Other Income

Other income mainly represents interest income and rental income. For the first quarter of 2024, the Company had other income around Baht 1.49 million which increased from the first quarter of 2023 around Baht 0.65 million. The reason for the increment mainly arose from the subsidy income from MAI (training support for IPO from MAI) and the increment in interest income from banks.

### Gains on disposal of foreclosed assets

In the first quarter of 2024, the Company had gain on disposal of foreclosed assets around to Baht 11.32 million which increased from the first quarter of 2023 around Baht 2.07 million. This is because the Company can sell

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the NPAs more than the first quarter of 2023. (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. the first quarter of 2024, the Company had administrative expenses around Baht 30.80 million which increased from the first quarter of 2023 around Baht 6.95 million. The main reasons for the increment were salary and other benefits of employees, 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 first quarter of 2024 was around Baht 264.99 million which increased from the fourth quarter of 2023 around Baht 133.03 million. This is because there was an adjustment on the collection budget of previous purchase ports around Baht 128.46 million. This ECL expense is onetime expense due to the adjustment of collection budget.

### Finance Cost

Finance cost for the first quarter of 2024 increased around Baht 27.03 million from the first quarter of 2023. The reason for the increment mainly arose from the increment of loans that the Company borrows for investing in NPLs and lending business.

### Income Tax Expenses

The income tax expense in the first quarter of 2024 decreased from the first quarter of 2023 Baht 13.45 million which in line with the decrement of net profit before tax.

### Net Profit

The net profit for the first quarter of 2024 was at Baht 42.45 million which decreased from the first quarter of 2023 around Baht 75.83 million (or decreased around 64.11%). The reasons for the decrement in net profit mainly arose from the onetime expected credit loss from adjusting the collection budget.

### Financial position

#### Total Assets

As at 31 March 2024, the Company had total assets of Baht 9,873.27 million which increased from the last year around Baht 541.87 million (or increased around 5.81%). The reasons for the increment mainly arose from;

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- The increment of cash and cash equivalent around Baht 476.77 million.
- The decrement of Trade and other receivables of Baht 13.16 million
- The increment of Deposit for purchasing loans to non-performing assets around Baht 29.80 million
- The increment of loan receivable (net) around Baht 26.71 million
- The increment of other current assets of Baht 7.65 million and,
- The increment of loan for non-performing asset around Baht 13.85 million

### Total Liabilities

Total liabilities as at 31 March 2024 was Baht 5,535.30 million which increased from the last year around Baht 499.41 million. The reasons for the increment mainly arose from;

- The increment of debenture around Baht 348.86 million and,
- The increment of loans from banks around Baht 140.41 million and,
- The increment of deferred tax liabilities around Baht 8.73 million

### Total Shareholders' Equities

Total shareholders' equity as of 31 March 2024 was at Baht 4,337.97 million which increased from the last year around Baht 42.45 million. The reasons for the increment mainly arose from

- The increment of unappropriated retained earnings around Baht 3.19 million and
- The increment of Non-Controlling interest around Baht 39.25 million.

### Debt to Equity ratio (Interest bearing)

- The Debt to Equity ratio (Interest bearing) of the Company as at 31 March 2024 was at 1.19.

Sincerely Yours,

(Mr.Kitti Tungswong)

Deputy Chief Executive Officer