SANSIRI

(English Translation)

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14 August 2024

Subject : Clarification of the second quarter of 2024 and the first half 2024 results

To : President
The Stock Exchange of Thailand

Sansiri Public Company Limited (SIRI) would like to clarify the operating result for the quarter ended 30 June 2024 of the Company and its subsidiaries as follows.

In 2Q2024, the Company recorded total revenue of Baht 9,615 million, a decrease of 3.7 percent or Baht 373 million YoY. The decrease was primarily from lower recognition of gain from sale of land compared to previous year (Baht 503 million in 2Q2023 vs. Baht 89 million in 2Q2024). Net profit (equity holders of the Company) in 2Q2024 was Baht 1,387 million, a 14.4 percent decrease or Baht 234 million YoY, chiefly due to the aforementioned lesser recognition of gain from land sale. Nevertheless, the performance of the core business remained steady at the same level as the prior year, while the share of profit from joint ventures surged substantially.

For 6M2024, total revenue was Baht 19,784 million, a 7 percent increase or Baht 1,292 million from 6M2023. Net profit stood at Baht 2,702 million, declining by 15.6 percent or Baht 501 million YoY, owing to higher operating costs, and selling and administrative expenses.

Details of the management discussion and analysis are set forth as follows:

Revenue from Property Development

Product Type	2Q2024		2Q2023		6M2024		6M2023	
	Baht million	%	Baht million	%	Baht million	%	Baht million	%
Single-detached Houses	4,545	53.6	3,457	43.2	9,658	55.5	5,853	39.7
Townhomes / Home Offices	842	9.9	834	10.4	1,635	9.4	1,788	12.1
Mixed Products	1,037	12.2	842	10.5	1,979	11.4	1,528	10.4
Condominiums	2,062	24.3	2,874	35.9	4,115	23.7	5,591	37.8
Total	**8,486**	**100.0**	**8,007**	**100.0**	**17,387**	**100.0**	**14,761**	**100.0**

In 2Q2024, Sansiri reported revenue from project sales amounted to Baht 8,486 million, representing an increase of 6.0 percent or Baht 478 million YoY. The revenue growth was from higher revenue from sales of single-detached houses, mixed products, and townhomes.

Revenue from housing projects, which comprised single-detached houses, townhomes, and mixed products, was Baht 6,424 million, which represented 76 percent of total revenue from project sales. The single-detached house projects generated the highest revenue growth of any product categories, reaching a total of Baht 4,545 million, growing by 31.5 percent or Baht 1,088 million YoY. The revenue from single-detached houses was mainly from Narasiri Krungthep Kreetha, Setthasiri Don Mueang, Narasiri Phahol-Watcharapol, Setthesiri Ruamchok, Setthasiri Ratchaphruek-Sai 1, BuGaan Krungthep Kreetha, and Setthasiri Watcharapol-Theprak. Revenue from the aforesaid 7 projects was 25 percent of total revenue from project sales.

Revenue from townhome projects slightly increased by 0.9 percent or Baht 8 million YoY to Baht 842 million. Majority of the revenue was contributed from Siri Avenue Bangna 3, Siri Place Mega Bangna, Siri Place Ladprao 101, DEMI Sathu 49, Siri Place Charan-Pinklao, and Siri Place Phaholyothin 52.

Revenue from mixed product projects rose by 23.2 percent or Baht 195 million YoY to Baht 1,037 million. Most of the revenue came from Anasiri Paklok, Anasiri Payap, Anasiri Ayudthaya 2, Anasiri Srinakarin-Phraeksa, Anasiri Pinklao-Kanchana, and Anasiri Songprapha.

Revenue from condominium projects declined by 28.3 percent or Baht 813 million to Baht 2,062 million. XT Phayathai, EDGE Central Pattaya, NIA by Sansiri, THE BASE Downtown Khonkaen, and THE BASE Height Chiang Mai which began transferring ownership this quarter, were the major sources of the revenue. The revenue generated from the 5 aforesaid projects accounted for 20 percent of total revenue from project sales.

Further, the Company recorded revenue from projects for rent in 2Q2024 of 41 million, dropped by 1.4 percent or Baht 1 million YoY. As a result, revenue from projects for rent in 6M2024 decreased 13.3 percent or Baht 12 million to Baht 79 million when compared to last year.

Revenue from Property Services

Revenue from business management services in 2Q2024 stood at Baht 535 million, a 28.2 percent decrease or Baht 210 million YoY. The primary reason for the decrease was that the Company began recognising the management fee incentive from a joint venture project with Tokyu Corporation Company Limited for the first time in 2Q2023. This incentive consisted of a significant amount of accumulated incentive fees from the number of transferred units, which has never been recorded. At present, the recognition of such transactions will be recorded in accordance with the number of actual units transferred in each quarter. This led to a 14.7 percent decrease in revenue from business management services for 6M2024, or Baht 181 million YoY, to Baht 1,048 million.

Revenue from hotel management services fell by 7.3 percent or Baht 11 million YoY to Baht 136 million, while for 6M2024, it remained consistent YoY. Revenue from hotel business owned by the Company stood at Baht 80 million, declining by 65.4 percent or Baht 151 million YoY. This was primarily due to the renovation of the SIXTY SoHo Hotel in the United States from January to September 2024, The Peri Khao Yai from end of February to May 2024 and The Peri Hotel Hua Hin from April to August 2024. Consequently, revenue from hotel business in 6M2024 reduced by 50.1 percent or Baht 192 million YoY to Baht 191 million.

Revenue from sales of construction materials in 2Q2024 was Baht 17 million, increasing 37.1 percent or Baht 5 million YoY, the same for 6M2024 which rose by 87.9 percent or Baht 20 million YoY to Baht 44 million.

Cost of Goods Sold and Operating Expenses

Cost of Project Sales and Other Costs

The cost of project sales in 2Q2024 amounted to Baht 5,672 million, a 4.2 percent increase YoY, in accordance with an increase in revenue from project sales. As a result, the cost of project sales in 6M2024 increased 17.3 percent or Baht 1,697 million to Baht 11,479 million. Consequently, gross profit margin of project sales in this quarter went up from 32.0 percent in 2Q2023 to 33.2 percent. Altogether, the 6M2024 gross profit margin of project sales increased from 33.7 percent in 6M2023 to 34.0 percent.

The costs of other businesses also increased in this quarter, including cost of construction material sales and cost of hotel management services, which rose by 37.2 percent and 7.9 percent, respectively. Whereas 6M2024 experienced a 62.0 percent and 5.8 percent increase, respectively. However, the cost of hotel business decreased 39.5 percent or Baht 95 million YoY to Baht 145 million, due to the hotel renovations as previously indicated. This resulted in a 22.6 percent or Baht 90 million reduction YoY to baht 308 million for 6M2024. The cost of business management also decreased by 8.8 percent or Baht 28 million YoY to Baht 290 million, resulting in an 8.9 percent or Baht 58 million decrease YoY to Baht 587 million for 6M2024.

Selling and Administrative Expenses

Selling and administrative expenses in 2Q2024 were Baht 1,796 million, accounted for 18.7 percent of total revenue, increasing when compared to 2Q2023 of 17.3 percent. The selling expenses were Baht 627 million or 6.5 percent of total revenue, increased from 6.0 percent in 2Q2023. The administrative expenses (including management benefit expenses) amounted to Baht 1,169 million or 12.2 percent of total revenue, rose from 11.4 percent in 2Q2023.

For 6M2024, selling and administrative expenses were Baht 3,918 million, equivalent to 19.8 percent of total revenue, dropping from 16.8 percent of total revenue in 6M2023. The selling expenses were Baht 1,370 million or 6.9 percent of total revenue, rose from 6.1 percent YoY. The administrative expenses were Baht 2,548 million or 12.9 percent of total revenue, grew from 10.7 percent in 6M2023, following higher provision for employees' benefits set in 1Q2024.

Finance Cost

In 2Q2024, finance cost was Baht 31 million, a significant reduction of 73.0 percent or Baht 85 million in 2Q2023. While 6M2024 finance cost declined by 66.3 percent or Baht 157 million YoY to Baht 80 million. This decline was attributed primarily to the refurbishment of the SIXTY SoHo Hotel in the United States, which commenced since January 2024.As a result, the interest charges incurred by the renovation can be capitalised as cost of the projects rather than financial expenses.

Net Profit (equity holders of the Company)

For 2Q2024, Sansiri and its subsidiaries reported net profit (equity holders of the Company) of Baht 1,387 million, decreased by 14.4 percent or Baht 234 million YoY. In this regard, the net profit margin was at 14.4 percent, decreasing from 16.2 percent in 2Q2023. This was chiefly due to the fact that the Company recorded a gain from land sale of Baht 503 million in 2Q2023, compared to Baht 89 million in this quarter. Nonetheless, the Company was able to maintain the quarterly performance of the core business at the same level as the preceding year, while the share of profit from joint ventures improved significantly. In addition, an effective corporate income tax in 2Q2024 was at 21.0 percent of earnings before corporate income tax.

For 6M2024, net profit (equity holders of the Company) was Baht 2,702 million, a decrease of 15.6 percent or Baht 501 million YoY. Net profit margin was 13.7 percent, down from 17.3 percent in 6M2023, following higher operating costs as well as increased selling and administrative expenses.

Financial Position as of 30 June 2024

Total Assets

Total assets of Sansiri and its subsidiaries as of 30 June 2024 amounted to Baht 151,763 million, an increase of Baht 4,460 million from 31 December 2023. Current assets as of 30 June 2024 were Baht 113,150 million, increasing by Baht 2,741 million from 31 December 2023, chiefly due to an increase in real estate development for sales, partly offset with decreased deposits for purchase of land and asset, and other current assets. Total non-current assets were Baht 38,613 million, an increase of Baht 1,719 million from 31 December 2023, primarily from an increase in land, building and equipment, higher investments in joint ventures, increased long-term loan receivable – net of current portion, and higher other non-current assets, partly offset with a decrease in land held for development and restricted bank deposits.

Total Liabilities

Total liabilities of Sansiri Group amounted to Baht 102,368 million as of 30 June 2024, an increase of Baht 2,473 million from 31 December 2023. Total current liabilities stood at Baht 44,449 million, decreasing by Baht 955 million. Total non-current liabilities rose by Baht 3,429 million to Baht 57,920 million. In this regard, the interest-bearing debt increased slightly from Baht 79,584 million as of 31 December 2023 to Baht 79,892 million as of 30 June 2024, due to an increase in unsecured debenture issued in March and April 2024. The debt-to-equity ratio was 2.07 times with the interest-bearing debt-to-equity ratio (Gearing ratio) was 1.62 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 June 2024 amounted to Baht 49,395 million, an increase of Baht 1,987 million from as of 31 December 2023. The increase was from total comprehensive income of Baht 3,216 million and increased issued and paid-up of Baht 599 million from the exercise of warrants issued for Private Placement and ESOP 8, partly offset with dividend payment of baht 1,671 million in May 2024.

Cashflow

Sansiri and its subsidiaries had beginning cash balance of Baht 2,810 million, with net cash from operating activities of Baht 4,939 million, net cash used in investing activities of Baht 1,821 million, and net cash from financing activities of Baht 3,067 million, resulting in the ending cash balance of Baht 2,931 million as of 30 June 2024.

In this regard, profit from operating activities before changes in operating assets and liabilities was Baht 15,211 million. In this regard, cash used as development costs for property development for sale amounted to Baht 13,105 million. For investing activities, the key components were payment on purchase of land, building and equipment of Baht 709 million, net cash paid for loans to related parties of Baht 580 million, net cash decrease from sale of investment in subsidiaries of Baht 588 million, and net cash paid for purchase of other financial assets of Baht 566 million, partly offset with a decrease in restricted bank deposits of Baht 566 million.

For financing activities, the key components were a decrease in short-term loans from banks of Baht 2,167 million, net repayment of long-term loans of Baht 1,892 million, payment of interest expenses of Baht 1,852 million, payment of dividend of Baht 1,671 million, partly offset with net proceeds from debentures issuance a total of Baht 3,792 million from the issuance of debentures in March and April 2024, a total of Baht 6,000 million, extracting the repayment of debentures a total of Baht 2,174 million in March, May, and June 2024 as well as cash received from newly issued ordinary shares of Baht 599 million.

Please be informed accordingly.

Yours Sincerely,

(Mr. Wanchak Buranasiri)
Authorised Director