

No. CHEWA 23-02/01

February 14, 2023

Subject: Explanation and analysis of the management for the year ended  
31 December 2022

Attention: Directors and Managers Stock Exchange of Thailand

### **Performance result overview**

The overall picture of the real estate marketing in Thailand for the quarter 4 year 2022, it tends to increase due to the 3 main factors including the sign of Thai economy recovery and returning of foreign buying power from the international travel is getting back to normal especially from Chinese people consisting of the government sector expanding the measure to stimulate the buying power of real estate sector and the leniency measure of residence loan control (Loan-to-Value:LTV) and the measure of reducing transfer-mortgage fee for 1 more year which will originally end at the end of December 2022. However, there is a factory of interest increase and the increased cost of real estate development which we must keep a close eye on especially the construction material cost and the land price in Bangkok and nearby provinces. These 2 factors might directly affect the sale price and decision making and buying power of consumers.

The company add the concentration in conducting online marketing in every platform to respond to the changed lifestyle of the new generation in order to apply in the short-term and long-term strategy plan. Moreover, there is understanding with the viewpoint of consumers in various dimensions to follow the current situation.

Furthermore, the company recognizes the importance of sustainability policies such as cost-effective management including the Environmental, Social, and Governance policies that can be implemented in the company's environmental management. The company has launched the CHEWA Goes Green campaign to create awareness and conscience on energy/resource saving, environmental protection, garbage sorting, and adding value to garbage by upcycling for the company to make use of and save costs. In terms of the social dimension, employee welfare, and employee relations, the company provides communication channels between its employees and executives for them to share opinions, suggestions, and ideas that help improve the company as part of the “บุญ รือ ฟิ่ง” campaign. It also serves as a whistle-blower channel that helps reduce corruption, improve the potential of the employees, improve product quality, encourage the growth of the company, ensure maximum efficiency, and enable a sustainable business operation.

Chewathai Public Company Limited (Chewa) would like to clarify the operating result for the year ended 31 December 2022 and 2021 of the Company and its subsidiaries as follows.

**Table for performance comparison during the year ended 31 December 2022 and 2021.**

(Unit: Million Baht)

Statement of comprehensive income	For the year			
	2022	2021	Change	%
<b>Revenue</b>				
Revenue from sale of real estate	2,101.08	2,091.89	9.19	0.44
Other income	47.04	44.78	2.26	5.05
<b>Total Revenue</b>	<b>2,148.12</b>	<b>2,136.67</b>	<b>11.45</b>	<b>0.54</b>
<b>Expenses</b>				
Cost of real estate sold	1,480.55	1,543.04	(62.49)	(4.05)
Selling expenses	247.10	211.00	36.10	17.11
Administrative expenses	185.38	202.84	(17.46)	(8.61)
<b>Total Expenses</b>	<b>1,913.03</b>	<b>1,956.88</b>	<b>(43.85)</b>	<b>(2.24)</b>
<b>Profit before share of profit (loss) from investments in joint venture and associate, finance costs and income tax</b>	<b>235.09</b>	<b>179.79</b>	<b>55.30</b>	<b>30.76</b>
Share of profit (loss) from investment in joint venture	(0.40)	(6.13)	5.73	93.47
Share of loss from investments in associates	(1.16)	(4.08)	2.92	71.57
<b>Profit before finance income, finance costs and income tax</b>	<b>233.53</b>	<b>169.58</b>	<b>63.95</b>	<b>37.71</b>
Finance costs	(84.49)	(78.26)	6.23	7.96
<b>Profit (loss) before income tax</b>	<b>149.04</b>	<b>91.32</b>	<b>57.72</b>	<b>63.21</b>
Income tax expenses	(33.61)	(21.19)	12.42	(58.61)
<b>Profit (loss) from operation</b>	<b>115.43</b>	<b>70.13</b>	<b>45.30</b>	<b>64.59</b>
<b>Comprehensive income for the period</b>	<b>4.09</b>	<b>-</b>	<b>4.09</b>	<b>100.00</b>
<b>Profit (loss) for the period</b>	<b>119.52</b>	<b>70.13</b>	<b>49.39</b>	<b>70.43</b>

Gross Profit Margin from sales of real estate (%)	29.53%	26.24%
Net profit (%)	5.56%	3.28%

**Operating Income**  
**1. Real estate sales revenue**

(Unit: Million Baht)

Revenue from sale of real estate	For the year			
	2022	2021	Change	%
Condominiums	1,347.57	1,370.90	(23.33)	(1.70)
Townhomes/Home offices	352.94	622.22	(269.28)	(43.28)
Single-detached houses	377.66	98.77	278.89	282.36
Reneue	22.91	-	22.91	100.00
รวม	2,101.08	2,091.89	9.19	0.44

For the year of 2022, the Company had income from real estate sales of 2,101.08 million baht or 97.81% of total revenue, an increase of 9.19 million baht from the same previous year, or an increase of 0.44%, which divided into:

- Income from condominium projects amounted to 1,347.57 million baht or 64.14% of the total revenue from real estate sales, an increase from the last year of 23.33 million baht or 1.70% due to a new high-rise project of the Company, with the recognized revenue in this year. Although the income from the transfer of ownership of the Chewathai project is recognized Pinklao that launched the project in the 2nd quarter and Chewathai Hallmark Ladprao-Chokchai 4 Phase 2 in the 4th quarter received less response than Chewathai Hallmark Ladprao-Chokchai 4. Phase 1 that was launched last year, at present, there are only a few units remaining, then the project can be closed. In comparison, resulting in reduced income
- Income from low-rise projects divided into townhome/commercial building projects amounting to 352.94 million baht, single-detached house projects 377.66 million baht, totaling 730.60 million baht or 34.77% of revenue from real estate sales. which townhome/commercial building decreased from the previous year by 269.28 million baht, or an increase of 43.28%, but for the detached house project, increase of 279.89 million baht or 278.89% mainly due to the ‘Chewarom Nakorn In’ project that has been received more than expected in this year, at present, it is gradually being built in order to correspond with the reservation and transfer of ownership according to the backlog set. But for townhome projects / commercial buildings Others have decreased income. And overall, there are no new projects launched, resulting in a decrease in overall revenue.

- Income from Renue projects amounted to 22.91 million baht or 1.09% of the total revenue from real estate sales. All the year, the company sees the opportunity to expand new business models Focus on hitting the second-hand home market, and the company received a good response. There are customers who are interested and can transfer the ownership within the period.

## 2. Other Income

The company had other incomes of 47.04 million baht, or 2.19% of total revenue. Other incomes consist of the revenue from management for associated companies 29.07 million baht, interest income 17.97 million baht.

### Cost of sales and gross profit

For the year of 2022, the Company had cost of real estate sales of 1,480.55 million baht or 68.92% of total revenue, there was a decrease of 62.49 million baht from the previous year or 4.05%.

For the gross profit from the sale of real estate is 29.53% increasing for the previous year amount 71.68 million baht or 13.06%, Due to tight cost management and adjusting the selling price to be in line with the current market situation.

### Sales and administrative expenses

The company had a rate of selling and administrative expenses to total revenue (SG&A) for the year of 2022 amounted to 432.48 million baht an increase of 18.64 million baht or 4.50% for compared to the previous year.

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

Additional investments in joint ventures and change in status of investments subsidiaries ,Chewa Renue Company Limited (formerly known as "Chewathai Hup Soon Limited") In November 2022, the Company's Board of Directors Meeting No. 6/2022 approved an additional investment in Chewathai Hup Soon Limited from United Motor Works (Siam) Public Company Limited, totaling 69,998 shares at a price of Baht 71.43 per share, totaling Baht 5 million, which the Company had already paid and receive transfer of all purchased shares in November 2022. This resulted in increase of shareholding percentage in this company from 50% to 100%. Therefore, the Company has control over this company and change the status from investment in joint venture to subsidiary.

Based on their assessment, the management of the Company believed that the investment was asset acquisition because the assets acquired and liabilities assumed did not constitute a business, as defined in TFRS 3 (revised 2019) Business Combinations.

Subsequently, On 12 November 2022, the Company registered the change of its name from "Chewathai Hup Soon Limited" to "Chewa Renue Company Limited" with the Ministry of Commerce.

For the Company's investment, the Company had a recognition of share of profit from investment in joint venture amounted to 0.47 million baht.

For the Company's investment with 70% shares in Chewa Heart Company Limited ("CWH"). Thus, the Company had a recognition of share of profit from investment in joint venture amounted to 0.07 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 1.16 million baht.

### Net profit

From the operating results for the year of 2022, the Company and its subsidiaries had a profit from operations for the year of 115.43 million baht, and actuarial profit of 4.09 million baht, resulting in the company's net comprehensive income for the period of 119.52 million baht, net profit increased from the previous year in the amount of 49.39 million baht or 70.43%.

### Financial status analysis comparison during the year ended 31 December 2022 and 2021.

(Unit: million baht)

Financial Statement	2022	2021	Discrepancy	%
<b>Total Asset</b>	6,312.42	6,760.27	(447.85)	(6.62)
<b>Total Payables</b>	4,321.55	4,855.90	(534.35)	(11.00)
<b>Shareholder's Equity</b>	1,990.87	1,904.37	86.50	4.54

### Total Asset

As of December 31st, 2022 the Company had total assets of 6,312.42 million baht, a decrease of 447.85 million baht from the previous year or 6.62% due to cash and cash equivalents decreased by 406.85 million baht following the repayment of debentures due in installments and the repayment of long-term loans from financial institutions. And other current assets decreased by 35.93 million baht from receiving the accumulated money that the company paid to the long-term debenture holder agent No. 2/2020, 2nd tranche, causing the collateral in current assets to decrease. and decreased from other parts about 5.08 million baht.

### Total liabilities

As of December 31st, 2022 the Company had total liabilities of 4,321.55 million baht, a decrease of 534.35 million baht from the previous year, or a decrease of 11.00% due to the repayment of long-term loans from financial institutions and the repayment of debentures due within the year.

Debt to Equity Ratio (D/E) according to the financial statements as of December 31st, 2022 at the rate of 2.17 times as of December 31st, 2021 at the rate of 2.55 times. according to the conditions as specified by the bank

### Shareholder's Equity

The equity as of December 31st, 2022 amounted to 1,986.98 million baht, an increase of 86.50 million baht from the previous year or 4.54% due to a net profit from operations in the year of 2022.

**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 2022, 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