

(English Translation)

Ref SS. 0663 / 2021

16 August 2021

Subject : Clarification of 2Q-2021 Operating Result

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 2021 of the Company and its subsidiaries as follows.

Total revenue in 2Q-2021 amounted to 8,042 Million Baht, decreased by 28 percent from 11,226 Million Baht in 2Q-2020. The decrease was caused by a decrease of 30 percent in the revenue from project sales, which was the core revenue of Sansiri, together with revenue from business management decreased by 40 percent. Total revenue for the period of 6M2021 amounted to 14,868 Million Baht, a decrease of 16 percent compared to that of 6M2020 with the amount of 17,753 Million Baht. In 2Q-2021, Sansiri and its subsidiaries reported net profit of 662 Million Baht, an increase of 156 percent from net profit of 258 Million Baht in 2Q-2020, making the net profit as of 6M2021 tremendously increased by 227 percent from 320 Million Baht in 6M2020 to 1,046 Million Baht.

Revenue from Property Development for Sale

The breakdown of revenue from property for sale as of 2Q-2021 and 2Q-2020, and for the period of 6M2021 and 6M2020 is as follows:

Product Type	2Q-2021		2Q-2020		6M2021		6M2020	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Single-detached houses	3,102	42.8	4,917	47.6	6,374	47.9	7,322	46.6
Townhomes / Home Offices	641	8.8	1,077	10.4	1,134	8.5	1,679	10.7
Mixed Products	643	8.9	282	2.7	1,264	9.5	448	2.9
Condominiums	2,863	39.5	4,062	39.3	4,521	34.0	6,272	39.9
Total	7,249	100.0	10,338	100.0	13,293	100.0	15,721	100.0

In 2Q-2021, Sansiri and its subsidiaries reported a 30 percent decrease in revenue from project sales from that of 2Q-2020. The decrease in revenue was caused by a decrease in revenue from townhome projects, single-detached house projects, and condominium projects for 40 percent, 37 percent, and 30 percent, respectively. Nonetheless, revenue from mixed products projects increased by 128 percent compared to that of 1Q-2020. The decrease mainly resulted from promotional campaigns to liquidate inventory during the first half of 2020 in accordance with the economy instability from COVID-19 pandemic, which had been well-received by the market, resulted in the all-time high transfer in 2Q-2020. Similarly, the revenue from project sales as of 6M2021 decreased by 15 percent compared to that of 6M2020. To the total revenue from project sales in 2Q-2021, 3,102 Million Baht revenue from single-detached house projects contributed 42.8 percent, 2,863 Million Baht revenue from condominium projects contributed 39.5 percent, 643 Million Baht revenue from mixed products projects contributed 8.9 percent, and the revenue of 641 Million Baht from townhome projects contributed 8.8 percent.

Revenue from single-detached house projects in 2Q-2021, amounted to 3,102 Million Baht, decreased from 4,917 Million Baht in 2Q-2020. In 2Q-2021, the revenue from single-detached house was mainly from 3 projects, including Setthasiri Rama 5, Setthasiri Krungthep Kreetha, and Setthasiri Charan-Pinklao2, which altogether contributed to 847 Million Baht or 12 percent of total revenue from project sales.

In 2Q-2021, revenue from townhome projects amounted to 641 Million Baht decreased from 1,077 Million Baht in 2Q-2020. The top 3 major contributors were Siri Place Ratchapruek-Rama 5, Siri Place Prachauthit 90, and Siri Place Rangsit-Klong 2, which altogether contributed to 211 Million Baht or 3 percent of total revenue from project sales.

Revenue from mixed products projects in 2Q-2021, amounted to 643 Million Baht, increased by 128 percent from 282 Million Baht in 2Q-2020. In 2Q-2021, the revenue from mixed products was mainly from 3 projects, including Anasiri Krungthep-Pathumthani, Anasiri Bangyai and Anasiri Chaiyapruek - Wongwaen, which altogether contributed to 387 Million Baht or 5 percent of total revenue from project sales.

In addition, revenue from condominium projects decreased by 30 percent from 4,062 Million Baht in 2Q-2020 to 2,863 Million Baht in 2Q-2021. In this regard, XT Huaikhwang and Oka Haus were the two highest contributors in 2Q-2021, which altogether contributed to 2,258 Million Baht or 31 percent of total revenue from project sales.

Revenue from Property Services

In 2Q-2021, the revenue from projects for rent amounted to 41 Million Baht, increasing from 25 Million Baht in 2Q-2020. As a result, the revenue from projects for rent as of 6M2021 increased by 67 percent compared to the same period of last year. On the other hand, the revenue from business management amounted to 446 Million Baht, a decrease of 40 percent from 744 Million Baht compared to the same period of last year. The main factor was a decrease in revenue from business management of joint venture. Nonetheless, for the period of 6M2021, the revenue from business management decreased by 39 percent compared to the same period of last year. In addition, revenue from other services, including revenue from hotel business and education business, was 37 Million Baht, increased from 0.5 Million Baht in 2Q-2020.

Cost of Goods Sold and Operating Expenses

Cost of Project Sales and Other Costs

In 2Q-2021, cost of project sales amounted to 4,723 Million Baht, a 42 percent decrease from that of 2Q-2020. Similarly, cost of project sales as of 6M2021 decreased by 29 percent when compared to the same period of last year in accordance with the decrease in revenue from project sales. Gross profit margin of project sales increased from 21.0 percent in 2Q-2020 to 34.8 percent in 2Q-2021, along with gross profit margin as of 6M2021 which increased to 32.6 percent from 19.9 percent compared to the same period of last year. For the cost of projects for rent in 2Q-2021, it amounted to 25 Million Baht, increased from 17 Million Baht when compared to the same period of last year. While, cost of business management decreased from 538 Million Baht in 2Q-2020 to 295 Million Baht in 2Q-2021 and decreased by 47 percent compared to that of 6M2020 in accordance with a decrease in revenue from business management. In addition, cost of other services including hotel business and education business decreased by 8 percent from 2Q-2020. Similarly, cost of other services as of 6M2021 decreased by 11 percent compared to the same period of last year.

Selling, General and Administrative Expenses

Sansiri and its subsidiaries recorded selling and administrative expense in 2Q-2021 at 1,567 Million Baht, accounted for 19.5 percent of the total revenue, an increase from 15.6 percent in 2Q-2020. Whereas, the selling and administrative expense as of 6M2021 increased to 19.0 percent from 17.0 percent compared to the same period of last year. The selling expenses in 2Q-2021 were at 673 Million Baht or 8.4 percent of total revenue, increased from 7.9 percent of total revenue at 883 Million Baht in 2Q-2020. As a result, the selling expenses as of 6M2021 had increased, accounted for 8.1 percent of total revenue. In 2Q-2021, the administrative expenses

(including management benefit expenses) amounted to 894 Million Baht, accounted for 11.1 percent of total revenue, an increase from 7.8 percent in 2Q-2020. In this regard, the administrative expenses for the period of 6M2021 accounted for 10.9 percent of total revenue, an increase from 9.4 percent for the period of 6M2020.

Financial Expense

In 2Q-2021, financial expense was at 286 Million Baht, decreased from 303 Million Baht in 2Q-2020, which mainly due to the development of existing land plots in 2021. As a result, the interest expenses incurred by the developed land plots are able to be capitalized as cost of the projects instead of financial expenses.

Net Profit

For 2Q-2021, Sansiri and its subsidiaries reported net profit of 662 Million Baht, a great increase from net profit of 258 Million Baht in 2Q-2020. A net profit margin of 8.2 percent of total revenue in 2Q-2021 increased from 2.3 percent of total revenue in 2Q-2020 as a result of a tremendous increase in gross profit of project sales.

Assets

Total assets of Sansiri and its subsidiaries as of 30 June 2021 amounted to 115,245 Million Baht, an increase of 2,613 Million Baht from that of 31 December 2020. Current assets as of 30 June 2021 was at 71,796 Million Baht, increased by 2,887 Million Baht from that of 31 December 2020 due to an increase in current portion of loans to related parties and property development for sale. Total non-current assets as of 30 June 2021 was at 43,449 Million Baht, a decrease of 274 Million Baht from that of 31 December 2020 due to a decrease in land held for development.

Liabilities

Total liabilities of Sansiri Group amounted to 75,259 Million Baht as of 30 June 2021, an increase of 1,824 Million Baht from that of 31 December 2020. Total current liabilities amounted to 36,354 Million Baht or increased by 5,641 Million Baht while total non-current liabilities decreased by 3,817 Million Baht to 38,905 Million Baht. In this regard, the interest-bearing debt increased from 55,520 Million Baht as of 31 December 2020 to 58,156 Million Baht as of 30 June 2021. The debt-to-equity ratio was 1.88 times with the interest-bearing debt-to-equity ratio (Gearing ratio) of 1.45 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 are not included financial obligations and provisions with account payables, advanced received from customer or any debt of bond issuer with no interest obligation, and lease payables.

Shareholders’ Equity

Shareholders’ Equity as of 30 June 2021 amounted to 39,986 Million Baht, an increase of 788 Million Baht from as of 31 December 2020, mainly driven by an increase of retained earnings of 288 Million Baht. In 2Q-2021, dividend payment was recorded at 594 Million Baht.

Cashflow

For 2Q-2021, beginning cash balance was 3,007 Million Baht as of 31 December 2020, with net cash from operating activities of 879 Million Baht, net cash used in investing activities of 1,265 Million Baht, and net cash from financing activities of 759 Million Baht, resulting in the ending cash balance as of 30 June 2021 of 3,477 Million Baht. In this regard, profit from operating activities before changes in operating assets and liabilities was at 11,550 Million Baht. Cash outflow as development costs for property development for sale amounted to 8,778 Million Baht. For investing activities, cash used for loans to related parties amounted to 1,495 Million Baht. For financing activities, cash outflow for loan repayment including interest payment were 3,075 Million Baht with dividend payment amounted to 594 Million Baht.

Please be informed accordingly.

Yours Sincerely,

(Mr. Apichart Chutrakul)

Authorised Director